



Gregorio Gomez, Mayor
Paul Boyer, Mayor Pro Tem
Don Rowlett, Council Member
Matt Sisk, Council Member
Leonel Benavides, Council Member

AGENDA

Farmersville City Council Regular Meeting Monday, June 22, 2015 • 7:00 p.m.

Meeting held in Civic Center Council Chambers – 909 W. Visalia Road
Farmersville, California

Call to Order

Invocation

Pledge of Allegiance

Roll Call

Presentations

Certificates of Recognition to be awarded to the following groups or individuals;

Team KO Kids Wrestling

Andrew Juarez

Sheshell Renteria

Thomas Benitez

Council Reports and Request

Staff Reports

City Attorney Report

PUBLIC COMMENT - *Provides an opportunity for members of the public to address the City Council on items of interest to the public within the Council's jurisdiction and which are not already on the agenda this evening. It is the policy of the Council not to answer questions impromptu. Concerns or complaints will be referred to the City Manager's office. Speakers should limit their comments to not more than two (2) minutes. No more than twenty (20) total minutes will be allowed for Public Comment. For items which are on the agenda this evening, members of the public will be provided an opportunity to address the council as each item is brought up for discussion. Comments are to be addressed to the Council as a body and not to any individual Council member*

CONSENT AGENDA

*Under a **CONSENT AGENDA** category, a recommended course of action for each item is made. Any Council Member or Member of the Public may remove any item from the CONSENT AGENDA in order to discuss and/or change the recommended course of action, and the Council can approve the remainder of the CONSENT AGENDA*

1. Minutes of the June 08, 2015 City Council regular meeting. Recommend approval by Council and Agency Board.
2. City Council warrant registers dated June 05, 2015 to June 19, 2015. Recommend Council receive and file.

CLOSED SESSION

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the City Council may meet in closed session with staff members and City attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below or are those matters appropriately identified in open sessions requiring immediate attention and arising after the posting of the agenda. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1

3. **PERSONNEL** (Government Code § 54957(b)). It is the intention of this governing body to meet in closed-session to:
- ☐ Consider the discipline, dismissal or release of a public employee.
 - ☐ Hear complaints or charges against a public employee.
 - ☒ Consider public employee appointment/employment for the position of: City Manager
 - ☐ Consider public employee performance evaluation for the position of:
4. **CONFERENCE WITH LABOR NEGOTIATOR(S)** (Government Code § 54957.6). It is the intention of this governing body to meet in closed-session to review its position and to instruct its designated representatives:
- ☒ Designated representatives: Steve Huntley, Finance Director
 - ☒ Name of employee organization: Mid Management Association
 - ☐ Position title(s) of unrepresented employee(s):

OLD BUSINESS

- 5. Consideration of Resolution No. 2015-017 adopting a revised Memorandum of Understanding with the City of Farmersville Mid Management Employee bargaining group.
- 6. Conduct a public hearing related to the proposed 2015/2016 City of Farmersville Operating Budget, then consider resolution 2015-014 adopting the 2015/2016 Operating Budget.

NEW BUSINESS

- 7. Consider an employment contract for the position of City Manager.
- 8. Consider awarding the bid for construction of the Farmersville Interchange Improvement Project based on the design engineers review and recommendation.
- 9. Conduct a public hearing to discuss proposed updates to the guidelines for the Housing Rehabilitation Program and the Homebuyer Acquisition Only/Acquisition with Rehabilitation Program.
- 10. Consider Resolution 2015-016 Directing Submission of the 2015 HOME Grant Application.
- 11. Consider Resolution 2015-018 a Resolution of the City Council of the City of Farmersville Promoting the Well Being of Local Residents in Regards to Immigration Services.

12. Consider directing staff to extend an MOU with CSET to allow City residents to receive drought related water bill payment assistance through the Drought Water Assistance Program 2015/2016.

EXTENDED PUBLIC COMMENT

CLOSED SESSION

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the City Council may meet in closed session with staff members and City attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below or are those matters appropriately identified in open sessions requiring immediate attention and arising after the posting of the agenda. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1

13. **PENDING LITIGATION** (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:

Conference with legal counsel – **EXISTING LITIGATION** (Government Code § 54956.9(d)(1)).

☒ Parties, case/claim no. People v. Trice Tulare County Superior Court Case No. 13-013624

☐ Case name unspecified because of jeopardy to settlement negotiations or service of process.

14. **PENDING LITIGATION** (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:

Conference with legal counsel – **ANTICIPATED LITIGATION** (Government Code § 54956.9(d)).

Significant exposure to litigation (Government Code § 54956.9(d)(2)).

Number of potential cases is: 1.

Facts and circumstances clearly known to potential plaintiff (if any) that might result in litigation (Government Code § 54956.9(e)(2)) :

15. **PENDING LITIGATION** (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:

Conference with legal counsel – **ANTICIPATED LITIGATION** (Government Code § 54956.9(d)).

Significant exposure to litigation (Government Code § 54956.9(d)(2)).

Number of potential cases is: 1.

Facts and circumstances clearly known to potential plaintiff (if any) that might result in litigation (Government Code § 54956.9(e)(2)) : Visalia Road Expansion

16. **PENDING LITIGATION** (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:

Conference with legal counsel – **ANTICIPATED LITIGATION** (Government Code § 54956.9(d)).

Initiation of litigation (Government Code § 54956.9(d)(4)).

Number of potential cases is: 1.

17. **PENDING LITIGATION** (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:

Conference with legal counsel – **ANTICIPATED LITIGATION** (Government Code § 54956.9(d)).

Significant exposure to litigation (Government Code § 54956.9(d)(2)).

Number of potential cases is: 1.

Facts and circumstances clearly known to potential plaintiff (if any) that might result in litigation (Government Code § 54956.9(e)(2)) : Grand Jury

Final Report

ADJOURNMENT

NOTICE TO PUBLIC

The City of Farmersville Civic Center and City Council Chambers comply with the provisions of the Americans with Disabilities Act (ADA). Anyone needing special assistance please contact City Hall at (559) 747-0458 please allow at least six (6) hours prior to the meeting so that staff may make arrangements to accommodate you.

DOCUMENTS: If distributed to the Council less than 72 hours before a regular meeting, any public records which are subject to public inspection and pertain to an open-session item on the regular meeting agenda shall be available at the following address at the time they are distributed to a majority of the Council: 909 West Visalia Road, Farmersville, California 93223. Public records distributed to the Council at a public meeting will be available to the public at such meeting if they were prepared by the City. Exemptions and details in Government Code § 54957.5(a) shall apply.



MINUTES

Farmersville City Council BUDGET STUDY SESSION

*Monday June 08, 2015 * 6:00 P.M.*

Regular Meeting

Monday, June 08, 2015 • 7:00 p.m.

Gregorio Gomez, Mayor
Paul Boyer, Mayor Pro Tem
Don Rowlett, Council Member
Matt Sisk, Council Member
Leonel Benavides, Council Member

Meeting held in Civic Center Council Chambers – 909 W. Visalia Road
Farmersville, California

Call to Order

7:00PM

Invocation

Pledge of Allegiance

Roll Call

Present: G. Gomez, P. Boyer, D. Rowlett, M. Sisk, L. Benavides

Presentations

Certificates of Recognition given to ProYouth Heart, Farmersville Jr High, ProYouth Heart, Freedom Elementary, and Transformados para Transformar for their community clean-up efforts and Anne Magana from Consolidated Waste Management Authority.

Anne Magana to address council on the CWMA and Farmersville's participation in the program. Anne is retiring as of July 31, 2015, leaving a vacant position. On June 18th there will be a board meeting to decide where the (CWMA) Consolidated Waste Management Authority wants to go next. January 2016 the food composting program will go into effect. Visalia schools have implemented this program already with great success. Another program for 2016 is the mattress program. Where the company you buy from has to take your old mattress at no cost, however the consumer will pay a small fee upfront but will be included more than likely in the price of the mattress. This will hopefully get those abandoned mattresses out of the alley ways.

CLOSED SESSION: No action taken at closed session.

1. **CONFERENCE WITH LABOR NEGOTIATOR(S)** (Government Code § 54957.6). It is the intention of this governing body to meet in closed-session to review its position and to instruct is designated representatives:

- ☒ Designated representatives: Mario Krstic, Interim City Manager
- ☒ Name of employee organization: POA, MEA, MMA
- ☒ Position title(s) of unrepresented employee(s): Finance Director, Public Works Director, Fire Chief, Chief of Police

No reportable action taken.

Council Reports and Request

Mayor Pro Tem P. Boyer – commented on where to take green waste and what times. Also commented regarding the water days and times. Could the City send those out via email so each Council Member has a copy to share?

Chief Krstic –commented we have a postcard mailer that is ready to go out to the public.

Mayor Pro Tem P. Boyer – commented even with Citrus Avenue having the flashing lights it is hard to see people in the cross walks. Can we look into that and a cost for updating the lighting system? Lastly, people who are wanting to put in a grey water system, can they get a permit for that and what are the rules or regulations?

Mayor G. Gomez – commented about writing a letter to ramp up more buses in our area, Mayor would like to explore more regarding this. Mayor took the #9 bus and it took an hour to get to work. Also, I want to thank Public Works for their help during the cleanup weekend. We had pizza and opened the Community Center and kids were really excited to see it, some even saw it for the first time. Maybe the city can step in to open it for more activities.

Chief Krstic –commented we are looking to have a basketball program over the summer at the Community Center. Also commented that our target launch date for the website is June 18th.

Staff Reports

Chief Krstic –commented that for the next Council meeting held on June 22, he will be in Kentucky and Steve Huntley will take his spot.

City Attorney Report

Attorney M. Diaz - commented recently a change to the Ralph M. Brown Act that states the Mayor has to do a roll call vote whenever there is a split vote. Each person's vote has to be clear and called out by name.

Finance

Steve Huntley, Finance Director – commented the City has used the vendor for card payments for about 6 months now and we are almost up to 5% which is really good. We hope this will drive more people to our website and reduce the amount of people at the window, making the lobby less congested.

PUBLIC COMMENT:

Paul Jarmin - Thank you for your work Council and City of Farmersville. I too would like to see the Community Center used more often and packed full of people and kids myself. I would like permission to speak on Consent Item #12. I would advise against it due to cases that have taken place in the past.

Mayor Pro Tem Boyer- commented asking Mr. Jarman, do you have a copy of the itemized list for destruction, if not, I would be more than happy to give you a copy.

Alice Lopez of 442 N. Matthew – commented as Co-Chair of the parade this year and on behalf of the Kiwanis club, thank you to council for keeping the parade tradition for 62 years now. Thank you to Public Works, for putting the flowers in the cemetery, the flowers were noticed by many Veterans. Thank you to the Police Department for their hard work policing the areas. Thank you to the Fire Department, not only being in the parade but also purchasing raffle tickets that they donated back to the kids. All the clubs before and after the parade did such a great job. It was a successful parade and thank you all.

CONSENT AGENDA

2. Minutes of the May 11, 2015 City Council regular meeting the May 12, 2015 Special Council Meeting, the May 13, 2015 Special Council Meeting, and the May 22, 2015 Special Council Meeting. Recommend approval by Council and Agency Board.
3. City Council warrant registers dated May 9 - June 4, 2015. Recommend Council receive and file.

A motion for approval was made by Mayor Pro Tem P. Boyer. Second was made by Council Member M. Sisk. Motion was carried with a vote of 4-0-1.

Ayes: G. Gomez, D. Rowlett, M. Sisk, L. Benavides

Abstain: P. Boyer per Warrant(s) #2124, #2130

OLD BUSINESS

4. Consider an agreement between the City of Farmersville and Quad Knopf to provide City Engineering Services for the City of Farmersville.

Discussion pursued.

A motion for approval was made by Council Member M. Sisk. Second was made by Mayor Pro Tem P. Boyer. Motion was carried with a vote of 4-1-0.

Ayes: G. Gomez, P. Boyer, M. Sisk, L. Benavides

No: D. Rowlett

5. Consider Resolution 2015-012 a Resolution of the City Council of the City of Farmersville Identifying the terms and conditions for fire department response away from their official duty station and assigned to an emergency incident.

A motion to table this item to the next meeting was made by Council Member D. Rowlett. Second was made by Council Member M. Sisk.

NEW BUSINESS

6. Conduct a public hearing related to the proposed 2015/2016 City of Farmersville Operating Budget, then consider resolution 2015-014 adopting the 2015/2016 Operating Budget.

Steve Huntley presented.

Discussion pursued.

Open public hearing: 8:05pm

Alice Lopez 442 N. Matthew -- commented there are ways to increase revenues with yard sale permits and the parks. People would rather pay a deposit to have the park reserved for them rather than on a first come, first serve basis.

A motion to continue the Public Hearing to the next meeting was made by Mayor Pro Tem P. Boyer. Second was made by Council Member M. Sisk.

7. Consideration of Resolution No. 2015-013 Adopting Memorandums of Understanding with the City of Farmersville Employee bargaining groups and unrepresented Department Heads.

Chief Krstic --commented a 2% increase across the board for staff, 1.2% adjustment to FICA, Peace Officers Association would get paid out holiday hours similar to what the Fire Department does.

A Motion to approve was made by D. Rowlett. Second was made by Mayor Pro Tem P. Boyer. Motion was carried with a vote of five ayes.

8. Consider authorizing the City Manager to sign a letter of authorization including the City of Farmersville as part of Tulare County Environmental Health Services application for the OPP-6 grant.

Discussion pursued. A motion for approval was made by Mayor Pro Tem P. Boyer. Second was made by Mayor G. Gomez. Motion was carried with a 4-1-0 vote.

Ayes: G. Gomez, P. Boyer, M. Sisk, L. Benavides

No: D. Rowlett

9. Review and consider adoption of an Energy Action Plan for the City of Farmersville.

Chief Krstic –commented this is not a contractual document, it is an advisory document and we are not bound to it.

Discussion pursued.

A motion for adoption as presented was made by Mayor Pro Tem P. Boyer. A Second was made by Mayor G. Gomez.

Motion was carried with a 3-2-0 vote.

Ayes: G. Gomez, P. Boyer, M. Sisk

No: L. Benavides, D. Rowlett

10. Provide staff direction related to an application for the 2015 HOME program for funding for first time home buyers and housing rehab loans.

Discussion pursued.

Mayor G. Gomez – commented how are the building permits for new homes going, what does that look like?

Chief Krstic – commented that we have about a dozen.

Discussion pursued.

A motion for approval was made by Mayor G. Gomez. A Second was made by L. Benavides. Motion was carried with a vote of 3-1-1.

Ayes: G. Gomez, L. Benavides, M. Sisk

Absent: P. Boyer

No: D. Rowlett

11. Consider appointing a voting delegate and alternates to represent the City of Farmersville at the annual League of California Cities Conference Business Meeting in September.

Chief Krstic –presented the annual League meeting held in San Jose, CA.

A motion to appoint a Voting Delegate and an Alternate was made by Mayor G. Gomez. A Second was made by Mayor Pro Tem P. Boyer to appoint Mayor G. Gomez as the Voting Delegate and appointing Council Member L. Benavides as the Alternate. Motion was carried with a vote of 5-0.

12. Consider Resolution 2015-015 a Resolution of the City of Farmersville approving destruction of specified records, documents, and papers, pursuant to section 34090 and 34090.6 of the Government Code of the State of California.

Steve Huntley, Finance Director – presented State guidelines for eligible destruction of records.

A motion for approval was made by M. Sisk. A Second was made by Council Member D. Rowlett. Motion was carried with a vote of 5-0.

EXTENDED PUBLIC COMMENT

NONE

CLOSED SESSION

13. **CONFERENCE WITH REAL PROPERTY NEGOTIATOR(S)** (Government Code § 54956.8). It is the intent of this governing body to meet in closed-session to confer with its real property negotiator concerning the purchase, sale, exchange, or lease of real property by or for this local agency as follows:

Property Description (Specify street address, or if no street address, the parcel number or other unique reference):

Our Negotiator: Hamner and Jewell

Parties with whom negotiating: 2GLP

Instructions to negotiator concerning: ☒ Price ☒ Terms of payment.

14. **PENDING LITIGATION** (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:

Conference with legal counsel – **EXISTING LITIGATION** (Government Code § 54956.9(d)(1)).

☒ Parties, case/claim no. Castaneda v. City of Farmersville

☐ Case name unspecified because of jeopardy to settlement negotiations or service of process.

15. **PERSONNEL** (Government Code § 54957(b)). It is the intention of this governing body to meet in closed-session to:

☐ Consider the discipline, dismissal or release of a public employee.

☐ Hear complaints or charges against a public employee.

☒ Consider public employee appointment/employment for the position of: City Manager

☐ Consider public employee performance evaluation for the position of:

ADJOURNMENT

9:35

ATTEST:

Gregorio Gomez
Mayor

Patricia F. Button
City Clerk

**CITY OF FARMERSVILLE
COUNCIL
AGENDA SUMMARY**

SUBJECT: Warrant Register through June 19, 2015 – City of Farmersville

RECOMMENDATION:

In accordance with Section 37202 of the Government Code of the State of California there is presented herewith a summary of the demands against the City of Farmersville covering obligations paid during the period of:

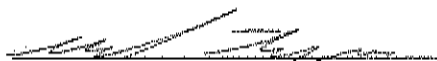
June 5, 2015 to June 19, 2015

| | | |
|-----------------------|----------------|-------------|
| GENERAL FUND WARRANTS | #125507-125524 | \$24,092.60 |
| GENERAL FUND WARRANTS | #125525-125543 | 436,843.07 |
| PAYROLL WARRANTS | #6507-6536 | 51,625.38 |
| PAYROLL WARRANTS | #6537-6561 | 9,443.80 |

Each demand has been audited and I hereby certify to their accuracy and that there are sufficient funds for their payment as of this date

It is hereby recommended the City Council approve the register of demands as follows:

Submitted by,



Manuel Amezcua
Accounts Payable

COPY

06/05/2015 13:41
5175name

CITY OF FARMERSVILLE
A/P CASH DISBURSEMENTS JOURNAL

P 1
apcsndsb

CASH ACCOUNT: 01
CHECK NO CHK DATE

1100 CASH (DUE TO/DUE FROM)
TYPE VENDOR NAME VOUCHER

INVOICE

INV DATE PO

WARRANT

NET

| | | | | | | | | |
|--------|------------|------|------|-----------------------|--------|------------|---------------|----------|
| 125507 | 06/05/2015 | PRTD | 397 | MUNOZ, ALFREDO | 1506 | 06/03/2015 | 2133 | 1,200.00 |
| | | | | | | CHECK | 125507 TOTAL: | 1,200.00 |
| 125508 | 06/05/2015 | PRTD | 819 | HAMNER & JEWELL ASSO | 7401 | 05/29/2015 | 2133 | 181.25 |
| | | | | | | CHECK | 125508 TOTAL: | 181.25 |
| 125509 | 06/05/2015 | PRTD | 1242 | CALIFORNIA BUSINESS | 132505 | 05/27/2015 | 2133 | 487.85 |
| | | | | | | CHECK | 125509 TOTAL: | 487.85 |
| 125510 | 06/05/2015 | PRTD | 1367 | THOMAS, JIM | 15052 | 06/01/2015 | 2133 | 400.00 |
| | | | | | | CHECK | 125510 TOTAL: | 400.00 |
| 125511 | 06/05/2015 | PRTD | 1394 | WEST VALLEY CONSTRUCT | 1506 | 06/01/2015 | 2133 | 1,102.24 |
| | | | | | | CHECK | 125511 TOTAL: | 1,102.24 |
| 125512 | 06/05/2015 | PRTD | 1402 | TEMPO GLOVE MFG, INC | 44758 | 06/02/2015 | 2133 | 275.00 |
| | | | | | | CHECK | 125512 TOTAL: | 275.00 |
| 125513 | 06/05/2015 | PRTD | 2055 | ALTSTAR FIRE EQUIPME | 181711 | 05/20/2015 | 2133 | 209.84 |
| | | | | | | CHECK | 125513 TOTAL: | 209.84 |
| 125514 | 06/05/2015 | PRTD | 3602 | BILL WALL'S DIRECT A | 15042 | 05/22/2015 | 2133 | 82.50 |
| | | | | | | CHECK | 125514 TOTAL: | 82.50 |
| 125515 | 06/05/2015 | PRTD | 6056 | OMNI MEANS | 35312 | 05/28/2015 | 2133 | 5,802.51 |
| | | | | | | CHECK | 125515 TOTAL: | 5,802.51 |
| 125516 | 06/05/2015 | PRTD | 8250 | COLLINS & SCHOTTLEER | 1506 | 06/01/2015 | 2133 | 5,158.00 |
| | | | | | | CHECK | 125516 TOTAL: | 5,158.00 |

06/05/2015 13:41
6175Name

CITY OF FARMERSVILLE
A/P CASH DISBURSEMENTS JOURNAL

P 2
apcsahsd

CASH ACCOUNT: 01
CHECK NO CHK DATE TYPE VENDOR NAME CASH (DUE TO/DUE FROM)
1100
VOUCHER

INVOICE

INV DATE PO WARRANT

NET

| | | | | | | | | |
|--------|------------|------|-------|----------------------|--------------|------------|---------------|----------|
| 125517 | 06/05/2015 | PRTD | 8390 | CITY OF FARMERSVILLE | 1506 | 06/01/2015 | 2133 | 374.14 |
| CHECK | | | | | | | 125517 TOTAL: | 374.14 |
| 125518 | 06/05/2015 | PRTD | 10560 | EXETER VETERINARY HO | 127442 | 05/21/2015 | 2133 | 95.80 |
| CHECK | | | | | | | 125518 TOTAL: | 95.80 |
| 125519 | 06/05/2015 | PRTD | 10560 | EXETER VETERINARY HO | 127480 | 05/21/2015 | 2133 | 256.15 |
| CHECK | | | | | | | 125519 TOTAL: | 256.15 |
| 125520 | 06/05/2015 | PRTD | 34634 | PITNEY BOWES-PURCHAS | 1505 | 05/28/2015 | 2133 | 400.00 |
| CHECK | | | | | | | 125520 TOTAL: | 400.00 |
| 125521 | 06/05/2015 | PRTD | 41754 | SHRED-IT | 9405898036 | 05/19/2015 | 2133 | 96.17 |
| CHECK | | | | | | | 125521 TOTAL: | 96.17 |
| 125522 | 06/05/2015 | PRTD | 50500 | VALLEY INDUSTRIAL & | 273502 | 05/20/2015 | 2133 | 400.00 |
| CHECK | | | | | | | 125522 TOTAL: | 400.00 |
| 125523 | 06/05/2015 | PRTD | 51550 | VERIZON WIRELESS | 9745829165 | 06/01/2015 | 2133 | 270.36 |
| CHECK | | | | | | | 125523 TOTAL: | 270.36 |
| 125524 | 06/05/2015 | PRTD | 52200 | VOYAGER FLEET SYSTEM | 869223818522 | 06/05/2015 | 2133 | 7,300.79 |
| CHECK | | | | | | | 125524 TOTAL: | 7,300.79 |

06/05/2015 13:41
6175name

CITY OF FARMERSVILLE
N/P CASH DISBURSEMENTS JOURNAL

P
aposhsb 3

| | | | |
|----------------------|-------|----------------------------|-----------|
| NUMBER OF CHECKS | 18 | *** CASH ACCOUNT TOTAL *** | 24,092.60 |
| | COUNT | AMOUNT | |
| | ----- | ----- | |
| TOTAL PRINTED CHECKS | 18 | 24,092.60 | |
| | | *** GRAND TOTAL *** | 24,092.60 |

06/05/2015 13:30 CITY OF FARMERSVILLE
6175name INVOICE ENTRY PROOF LIST

COPY

P 1
aplunent

CLERK: 6175name BATCH: 2133

NEW INVOICES

| VENDOR REMIT NAME | DOCUMENT INVOICE | PO | VOUCHER | WARRANT | NET AMOUNT | EXCEEDS | PO BY | PO BALANCE | CHK/WIRE | ERR |
|-------------------|---------------------|----|---------|---------|------------|---------|-------|------------|----------|-----|
|-------------------|---------------------|----|---------|---------|------------|---------|-------|------------|----------|-----|

APPROVED UNPAID INVOICES TO BE POSTED

| | | | | | | | | | | |
|-----------|------------------------|-----------------|---------------------------------------|-----------|------|------------------|-----|----------|--------|--|
| 397 | 00000 MONOZ, ALFREDO | 24055 1506 | | | 2133 | 1,200.00 | .00 | .00 | | |
| CASH 01 | 2015/12 | INV 06/03/2015 | SEP-CHK: N | DISC: .00 | | 101414 4711 | | 1,200.00 | 1099: | |
| ACCT 1100 | DEPT | DUE 06/05/2015 | DESC:REFUND | | | | | | | |
| 819 | 00001 HANNER & JEWELL | 24054 7401 | | | 2133 | 181.25 | .00 | .00 | | |
| CASH 01 | 2015/12 | INV 05/29/2015 | SEP-CHK: N | DISC: .00 | | 26425 5516 RVISR | | 181.25 | 1099:0 | |
| ACCT 1100 | DEPT | DUE 06/05/2015 | DESC:RVISR-VISALITA RD MEDIAN PROJECT | | | | | | | |
| 1242 | 00001 CALIFORNIA BUSIN | 24053 132505 | | | 2133 | 487.85 | .00 | .00 | | |
| CASH 01 | 2015/12 | INV 05/27/2015 | SEP-CHK: N | DISC: .00 | | 01406 5205 | | 243.93 | 1099: | |
| ACCT 1100 | DEPT | DUE 06/05/2015 | DESC:MONTHLY BILLING | | | 01411 5205 | | 243.92 | 1099: | |
| 1367 | 00000 THOMAS, JIM | 24066 15052 | | | 2133 | 400.00 | .00 | .00 | | |
| CASH 01 | 2015/12 | INV 06/01/2015 | SEP-CHK: N | DISC: .00 | | 01420 5205 | | 400.00 | 1099: | |
| ACCT 1100 | DEPT | DUE 06/05/2015 | DESC:SHIFT COVERAGE | | | | | | | |
| 1394 | 00000 WBST VALLEY CONS | 24065 1506 | | | 2133 | 1,102.24 | .00 | .00 | W9rcd | |
| CASH 01 | 2015/12 | INV 06/01/2015 | SEP-CHK: N | DISC: .00 | | 909404 2337 | | 1,102.24 | 1099: | |
| ACCT 1100 | DEPT | DUE 06/05/2015 | DESC:REFUND | | | | | | | |
| 1402 | 00000 TEMPO GLOVE MFG, | 24066 44758 | | | 2133 | 275.00 | .00 | .00 | W9rcd | |
| CASH 01 | 2015/12 | INV 06/02/2015 | SEP-CHK: N | DISC: .00 | | 01420 5202 | | 275.00 | 1099: | |
| ACCT 1100 | DEPT | DUE 06/05/2015 | DESC:GLOVES | | | | | | | |
| 2055 | 00000 ALISTAR FIRE EOU | 24058 181711 | | | 2133 | 209.84 | .00 | .00 | | |
| CASH 01 | 2015/12 | INV 05/20/2015 | SEP-CHK: N | DISC: .00 | | 01420 5205 | | 209.84 | 1099: | |
| ACCT 1100 | DEPT | DUE 06/05/2015 | DESC:SCOTT REPAIR | | | | | | | |
| 3602 | 00000 BILL WALL'S DIRE | 24062 15042 | | | 2133 | 82.50 | .00 | .00 | | |
| CASH 01 | 2015/12 | INV 05/22/2015 | SEP-CHK: N | DISC: .00 | | 01406 5205 | | 82.50 | 1099:0 | |
| ACCT 1100 | DEPT | DUE 06/05/2015 | DESC:PROFESSIONAL SERVICE | | | | | | | |

06/05/2015 13:30 | CITY OF FARMERSVILLE
6175name | INVOICE ENTRY PROOF LIST

| P
| apinvent 2

CLERK: 6175name BATCH: 2133 NEW INVOICES

| VENDOR REMIT NAME | DOCUMENT INVOICE | PO | VOUCHER | WARRANT | NET AMOUNT | EXCEEDS | PO BY | PO BALANCE | CHK/WIRE | ERR |
|--|------------------|----|---------|---------|------------|--|-------|---|---|-------|
| 6036 00000 OMNI MEANS | 24050 35312 | | 2133 | | 5,802.51 | .00 | .00 | | | |
| CASH 01 2015/12 INV 05/28/2015 SEP-CHK: N DISC: .00 | | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/05/2015 DESC:TCAG3- ROUNDABOUT | | | | | | 26425 5205 TCAG3 | | 5,802.51 | 1099:0 | |
| 8250 00000 COLLINS & SCHOET 24059 1506 | | | 2133 | | 5,158.00 | .00 | .00 | | | |
| CASH 01 2015/12 INV 06/01/2015 SEP-CHK: N DISC: .00 | | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/05/2015 DESC:PLANNING CONSULTING | | | | | | 01414 5205 | | 5,158.00 | 1099:0 | |
| 8300 00000 CITY OF FARMERSV 24064 1506 | | | 2133 | | 374.14 | .00 | .00 | | | |
| CASH 01 2015/12 INV 06/01/2015 SEP-CHK: N DISC: .00 | | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/05/2015 DESC:WATER | | | | | | 01409 5206 HLTHY 01420 5206 01425 5206 01425 5206 01406 5206 | | 53.49 53.49 109.80 53.49 112.87 | 1099: 1099: 1099: 1099: 1099: | |
| 10560 00000 EXETER VETERINAR 24052 127442 | | | 2133 | | 95.80 | .00 | .00 | | | |
| CASH 01 2015/12 INV 05/21/2015 SEP-CHK: Y DISC: .00 | | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/05/2015 DESC:EXAM | | | | | | 01426 5205 | | 95.80 | 1099: | |
| 10560 00000 EXETER VETERINAR 24053 127480 | | | 2133 | | 256.15 | .00 | .00 | | | |
| CASH 01 2015/12 INV 05/21/2015 SEP-CHK: Y DISC: .00 | | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/05/2015 DESC:EXAM | | | | | | 01426 5205 | | 256.15 | 1099: | |
| 34634 00001 PITNEY BOWES-PUR 24051 1505 | | | 2133 | | 400.00 | .00 | .00 | | | |
| CASH 01 2015/12 INV 05/28/2015 SEP-CHK: N DISC: .00 | | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/05/2015 DESC:POSTAGE | | | | | | 01406 5205 | | 400.00 | 1099: | |
| 41754 00001 SHRED-IT 24061 9405898036 | | | 2133 | | 96.17 | .00 | .00 | | | W9rcd |
| CASH 01 2015/12 INV 05/19/2015 SEP-CHK: N DISC: .00 | | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/05/2015 DESC:SHREDDING SERVICE | | | | | | 01411 5205 | | 96.17 | 1099: | |
| 50500 00000 VALLEY INDUSTRIA 24057 279502 | | | 2133 | | 400.00 | .00 | .00 | | | |
| CASH 01 2015/12 INV 05/20/2015 SEP-CHK: N DISC: .00 | | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/05/2015 DESC:EXAM | | | | | | 01420 5205 | | 400.00 | 1099: | |

06/05/2015 13:30 CITY OF FARMERSVILLE
6175State INVOICE ENTRY PROOF LIST

P 3
apinvent

CLERK: 6175State BATCH: 2133

NEW INVOICES

VENDOR PERMIT NAME DOCUMENT
INVOICE

PO

VOUCHER WAREANT

NET AMOUNT

EXCEEDS PO BY

PO BALANCE CHK/WIRE ERR

51550 00001 VERIZON WIRELESS 24060
9745829165

2133

270.36

.00

.00

CASH 01 2015/12 INV 06/01/2015 SEP-CHK: N DISC: .00
ACCT 1100 DEPT DUE 06/05/2015 DESC:M2M ACTIVITY

01411 5205

270.36 1099:

52200 00001 VOYAGER FLEET SY 24049
869223818522

2133

7,300.79

.00

.00

CASH 01 2015/12 INV 06/05/2015 SEP-CHK: N DISC: .00
ACCT 1100 DEPT DUE 06/05/2015 DESC:FUEL

01406 5255

69.08 1099:

01426 5255

282.72 1099:

01411 5255

4,527.66 1099:

01415 5255

282.72 1099:

01420 5255

819.94 1099:

01425 5255

57.66 1099:

02425 5255

341.52 1099:

04425 5255

283.86 1099:

01425 5255

542.56 1099:

35425 5255

93.07 1099:

18 APPROVED UNPAID INVOICES

TOTAL

24,092.60

18 INVOICE(S)

REPORT POST TOTAL

24,092.60

06/12/2015 14:20
6175mate

CITY OF FARMERSVILLE
A/P CASH DISBURSEMENTS JOURNAL

P 2
apcsnbsb

CASH ACCOUNT: 01
CHECK NO CHK DATE TYPE VENDOR NAME CASH (DUE TO/DUE FROM) VOUCHER INVOICE

INV DATE PO WARRANT

NET

125535 06/12/2015 PRPD 8351 CITY OF TULARE 047181 06/01/2015 2135 41,560.00

CHECK 125535 TOTAL: 41,560.00

125536 06/12/2015 PRPD 11900 EXETER MERCANTILE CO 79925 03/16/2015 2135 19.72

CHECK 125536 TOTAL: 19.72

125537 06/12/2015 PRPD 12000 FARLEY LAW FIRM 1506 06/01/2015 2135 8,687.50

CHECK 125537 TOTAL: 8,687.50

125538 06/12/2015 PRPD 14651 FGL ENVIRONMENTAL 340789A 04/25/2015 2135 988.00

340777A 04/25/2015 2135 57.00

340606A 04/25/2015 2135 60.00

CHECK 125538 TOTAL: 1,105.00

125539 06/12/2015 PRPD 31560 OFFICE DEPOT 770229319001 06/01/2015 2135 118.24

771647719001 06/01/2015 2135 78.85

CHECK 125539 TOTAL: 197.09

125540 06/12/2015 PRPD 34500 AT & T 1505 06/12/2015 2135 379.82

CHECK 125540 TOTAL: 379.82

125541 06/12/2015 PRPD 37000 QUAD KNOFF, INC. 80510 05/26/2015 2135 1,712.89

80509 05/26/2015 2135 2,938.09

80508 05/26/2015 2135 2,919.37

80507 05/26/2015 2135 4,298.66

80505 05/26/2015 2135 3,347.37

80515 05/26/2015 2135 4,824.79

80513 05/26/2015 2135 9,544.34

80512 05/26/2015 2135 469.80

06/12/2015 14:20
6175name

CITY OF FARMERSVILLE
A/P CASH DISBURSEMENTS JOURNAL

P 3
apcshdsb

CASH ACCOUNT: 01
CHECK NO CHK DATE TYPE VENDOR NAME CASH (DUE TO/DUE FROM) VOUCHER

INVOICE

INV DATE PO

WARRANT

NET

80511

05/26/2015

2135

512.28

80506

05/26/2015

2135

505.80

80504

05/26/2015

2135

6,840.00

80503

05/26/2015

2135

638.46

80514

05/26/2015

2135

714.42

CHECK 125541 TOTAL:

39,266.27

125542 06/12/2015 PRTD 43000 THE GAS COMPANY

1505

06/12/2015

2135

97.22

CHECK 125542 TOTAL:

97.22

125543 06/12/2015 PRTD 52000 VISALIA TIMES DELTA/

0001484868

05/04/2015

2135

1,122.19

CHECK 125543 TOTAL:

1,122.19

NUMBER OF CHECKS 19

*** CASH ACCOUNT TOTAL ***

436,843.07

COUNT AMOUNT

TOTAL PRINTED CHECKS
TOTAL VOIDED CHECKS

17
2

436,843.07
.00

*** GRAND TOTAL ***

436,843.07

06/12/2015 14:12
6175name

CITY OF FARMERSVILLE
INVOICE ENTRY PROOF LIST

2
1
ap Invent

CLERK: 6175name BATCH: 2135 NEW INVOICES

VENDOR REMIT NAME DOCUMENT INVOICE PO VOUCHER WARRANT NET AMOUNT EXCEEDS PO BY PO BALANCE CHK/WIRE ERR

APPROVED UNPAID INVOICES TO BE POSTED

| | | | | | | | |
|-----------|---------|------------------|------------------------------------|-----------|------------|------|------------------|
| 647 | 00001 | ROY HASTINGS & A | 24083 | 2135 | 3,200.00 | .00 | .00 |
| | | | 1419 | | | | |
| CASH 01 | 2015/12 | INV 06/01/2015 | SEP-CHK: N | DISC: .00 | 01414 | 5205 | 3,200.00 1099:0 |
| ACCT 1100 | DEPT | DUE 06/12/2015 | DESC:2015 HOME MONITORING | | | | |
| 913 | 00001 | TULARE COUNTY LA | 24088 | 2135 | 1,791.00 | .00 | .00 |
| | | | 1506 | | | | |
| CASH 01 | 2015/12 | INV 06/02/2015 | SEP-CHK: N | DISC: .00 | 05425 | 5205 | 1,791.00 1099: |
| ACCT 1100 | DEPT | DUE 06/12/2015 | DESC:ANNEXATION OF PROPERTY | | | | |
| 1272 | 00000 | MANICODS | 24090 | 2135 | 400.00 | .00 | .00 |
| | | | 00247873 | | | | |
| CASH 01 | 2015/12 | INV 06/08/2015 | SEP-CHK: N | DISC: .00 | 01406 | 5205 | 400.00 1099: |
| ACCT 1100 | DEPT | DUE 06/12/2015 | DESC:ANNUAL CODE ON INTERNET | | | | |
| 1306 | 00000 | CALIFORNIA FIRE | 24081 | 2135 | 250.00 | .00 | .00 |
| | | | 1506 | | | | |
| CASH 01 | 2015/12 | INV 06/12/2015 | SEP-CHK: N | DISC: .00 | 01420 | 5208 | 250.00 1099: |
| ACCT 1100 | DEPT | DUE 06/12/2015 | DESC:CAL FIRE CHIEFS ASSOCIATION | | | | |
| 1394 | 00000 | WEST VALLEY CONS | 24087 | 2135 | 338,191.45 | .00 | .00 |
| | | | 112375 | | | | |
| CASH 01 | 2015/12 | INV 05/11/2015 | SEP-CHK: N | DISC: .00 | 02425 | 5205 | 338,191.45 1099: |
| ACCT 1100 | DEPT | DUE 06/12/2015 | DESC:CAMERON CREEK | | | | |
| 1408 | 00000 | VISALIA TECHNICA | 24089 | 2135 | 500.00 | .00 | .00 |
| | | | 1506 | | | | |
| CASH 01 | 2015/12 | INV 06/08/2015 | SEP-CHK: N | DISC: .00 | 31425 | 5205 | 500.00 1099: |
| ACCT 1100 | DEPT | DUE 06/12/2015 | DESC:GREENHOUSE & GROUNDS SERVICES | | | | |
| 2102 | 00001 | AT&T | 24080 | 2135 | 31.26 | .00 | .00 |
| | | | 1506 | | | | |
| CASH 01 | 2015/12 | INV 06/12/2015 | SEP-CHK: N | DISC: .00 | 01425 | 5211 | 31.26 1099: |
| ACCT 1100 | DEPT | DUE 06/12/2015 | DESC:PHONE | | | | |
| 6085 | 00000 | CASCADE FIRE ECU | 24092 | 2135 | 44.55 | .00 | .00 |
| | | | 64594.1 | | | | |
| CASH 01 | 2015/12 | INV 02/26/2015 | SEP-CHK: N | DISC: .00 | 01420 | 5203 | 44.55 1099: |
| ACCT 1100 | DEPT | DUE 06/12/2015 | DESC:REP SUPPLIES | | | | |

06/12/2015 14:12 CITY OF FARMERSVILLE
6175name INVOICE ENTRY PROOF LIST

P 3
apinvent

CLERK: 6175name BATCH: 2135

NEW INVOICES

| VENDOR REMIT NAME | DOCUMENT INVOICE | PO | VOUCHER | WARRANT | NET AMOUNT | EXCEEDS | PO BY | PO BALANCE | CHK/WIRE | ERR |
|------------------------------|---------------------|----------------------------------|--|-----------|------------|--|---|---|----------|-----|
| 34500 00001 AT & T | 24079 1505 | | | | 2135 | 379.82 | .00 | .00 | | |
| CASH 01 ACCT 1100 | 2015/12 DEPT | INV 06/12/2015 DUE 06/12/2015 | SEP-CHK: N DESC:PHONE | DISC: .00 | | 01411 5211 01406 5211 01420 5211 01409 5211 01425 5211 04425 5211 01415 5211 | 150.30 117.57 30.32 18.42 18.36 18.42 26.43 | 1099: 1099: 1099: 1099: 1099: 1099: 1099: | | |
| 37000 00001 QUAD KNOFF, INC. | 24093 80510 | | | | 2135 | 1,712.89 | .00 | .00 | | |
| CASH 01 ACCT 1100 | 2015/12 DEPT | INV 05/26/2015 DUE 06/12/2015 | SEP-CHK: N DESC:GENERAL ENGINEERING | DISC: .00 | | 26425 5205 TCRAG1 01414 5205 21425 5205 26425 5205 04425 5205 | 266.40 254.97 575.05 199.80 416.67 | 1099: 1099: 1099: 1099: 1099: | | |
| 37000 00001 QUAD KNOFF, INC. | 24094 80509 | | | | 2135 | 2,938.09 | .00 | .00 | | |
| CASH 01 ACCT 1100 | 2015/12 DEPT | INV 05/26/2015 DUE 06/12/2015 | SEP-CHK: N DESC:CYCLE 2 ATP GRANT APPLICATION | DISC: .00 | | 22425 5205 | 2,938.09 | 1099: | | |
| 37000 00001 QUAD KNOFF, INC. | 24095 80508 | | | | 2135 | 2,919.37 | .00 | .00 | | |
| CASH 01 ACCT 1100 | 2015/12 DEPT | INV 05/26/2015 DUE 06/12/2015 | SEP-CHK: N DESC:SIDEWALK ADA COMPLIANCE & BUS | DISC: .00 | | 26425 5205 TCRAG4 | 2,919.37 | 1099: | | |
| 37000 00001 QUAD KNOFF, INC. | 24096 80507 | | | | 2135 | 4,298.66 | .00 | .00 | | |
| CASH 01 ACCT 1100 | 2015/12 DEPT | INV 05/26/2015 DUE 06/12/2015 | SEP-CHK: N DESC:14-15 STREET SEALING PROJECT | DISC: .00 | | 22425 5205 | 4,298.66 | 1099: | | |
| 37000 00001 QUAD KNOFF, INC. | 24097 80505 | | | | 2135 | 3,347.37 | .00 | .00 | | |
| CASH 01 ACCT 1100 | 2015/12 DEPT | INV 05/26/2015 DUE 06/12/2015 | SEP-CHK: N DESC:COSTNER ST DRAINAGE PROJECT | DISC: .00 | | 22425 5205 | 3,347.37 | 1099: | | |
| 37000 00001 QUAD KNOFF, INC. | 24098 80515 | | | | 2135 | 4,824.79 | .00 | .00 | | |
| CASH 01 ACCT 1100 | 2015/12 DEPT | INV 05/26/2015 DUE 06/12/2015 | SEP-CHK: N DESC:WATP-60 & 100% DESIGN | DISC: .00 | | 04425 5205 WWTTP | 4,824.79 | 1099: | | |

06/12/2015 14:12 CITY OF FARMERSVILLE
6175name INVOICE ENTRY PROOF LIST

P
ap Invent 4

CLERK: 6175name BATCH: 2135 NEW INVOICES

| VENDOR REMIT NAME | DOCUMENT INVOICE | PO | VOUCHER WARRANT | NET AMOUNT | EXCEEDS | PO BY | PO BALANCE | CHK/WIRE | ERR |
|--|------------------|----|-----------------|------------|-------------------|-------|------------|----------|-----|
| 37000 00001 QUAD KNOFF, INC. 24699 80513 | | | | 2135 | 9,544.34 | .00 | .00 | | |
| CASH 01 2015/12 INV 05/26/2015 SEP-CHK: N DISC: .00 | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/12/2015 DESC: CAMERON CREEK | | | | | 02425 5205 | | 9,544.34 | 1099: | |
| 37000 00001 QUAD KNOFF, INC. 24100 80512 | | | | 2135 | 469.80 | .00 | .00 | | |
| CASH 01 2015/12 INV 05/26/2015 SEP-CHK: N DISC: .00 | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/12/2015 DESC: DUNNS SAND SITE PLAN | | | | | 01414 5205 | | 469.80 | 1099: | |
| 37000 00001 QUAD KNOFF, INC. 24101 80511 | | | | 2135 | 512.28 | .00 | .00 | | |
| CASH 01 2015/12 INV 05/26/2015 SEP-CHK: N DISC: .00 | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/12/2015 DESC: RITE AID SITE PLAN | | | | | 01414 5205 | | 512.28 | 1099: | |
| 37000 00001 QUAD KNOFF, INC. 24102 80506 | | | | 2135 | 505.80 | .00 | .00 | | |
| CASH 01 2015/12 INV 05/26/2015 SEP-CHK: N DISC: .00 | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/12/2015 DESC: LIGHTING & LANDSCAPE DISTRICTS | | | | | 35425 5205 | | 505.80 | 1099: | |
| 37000 00001 QUAD KNOFF, INC. 24103 80504 | | | | 2135 | 6,840.00 | .00 | .00 | | |
| CASH 01 2015/12 INV 05/26/2015 SEP-CHK: N DISC: .00 | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/12/2015 DESC: 2015 WATER RATE STUDY | | | | | 02425 5205 | | 6,840.00 | 1099: | |
| 37000 00001 QUAD KNOFF, INC. 24104 80503 | | | | 2135 | 638.46 | .00 | .00 | | |
| CASH 01 2015/12 INV 05/26/2015 SEP-CHK: N DISC: .00 | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/12/2015 DESC: URBAN-CROA SOCUMENTATION | | | | | 31425 5205 URBAN | | 638.46 | 1099: | |
| 37000 00001 QUAD KNOFF, INC. 24105 80514 | | | | 2135 | 714.42 | .00 | .00 | | |
| CASH 01 2015/12 INV 05/26/2015 SEP-CHK: N DISC: .00 | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/12/2015 DESC: CITRUS-ST OVERLAY | | | | | 22425 5205 CITRUS | | 714.42 | 1099: | |
| 43000 00001 THE GAS COMPANY 24082 1505 | | | | 2135 | 97.22 | .00 | .00 | | |
| CASH 01 2015/12 INV 06/12/2015 SEP-CHK: N DISC: .00 | | | | | | | | | |
| ACCT 1100 DEPT DUE 06/12/2015 DESC: GAS | | | | | 01425 5206 | | 32.10 | 1099: | |
| | | | | | 01406 5206 | | 38.48 | 1099: | |
| | | | | | 01425 5206 | | 26.64 | 1099: | |

06/12/2015 14:12 CITY OF FARMERSVILLE
6175name INVOICE ENTRY PROOF LIST

P 5
apinvent

CLERK: 6175name BATCH: 2135 NEW INVOICES

| VENDOR REMIT NAME | DOCUMENT INVOICE | PO | VOUCHER WARRANT | NET AMOUNT | EXCEEDS PO BY | PO BALANCE CHK/WIRE | ERR |
|-------------------|------------------|----|-----------------|------------|---------------|---------------------|-----|
|-------------------|------------------|----|-----------------|------------|---------------|---------------------|-----|

| | | | | | | | |
|------------------------------------|------------|--|--|------|----------|-----|-----|
| 52000 00001 VISALLA TIMES DE 24078 | 0001464868 | | | 2135 | 1,122.19 | .00 | .00 |
|------------------------------------|------------|--|--|------|----------|-----|-----|

| | | | | | | | |
|-----------------------------|---------|----------------|-------------------|-----------|------------|--------|-------|
| CASH 01 | 2015/12 | INV 05/04/2015 | SEP-CHK: N | DISC: .00 | 01414 5210 | 788.24 | 1099: |
| ACCT 1100 | DEPT | DOE 06/12/2015 | DESC: ADVERTISING | | 02425 5210 | 333.95 | 1099: |
| 32 APPROVED UNPAID INVOICES | | | | TOTAL | 436,843.07 | | |

32 INVOICE(S) REPORT POST TOTAL 436,843.07

| EMP # | NAME | CHK # | NET PAY |
|--------------------|----------------------|-----------|-----------|
| 7 | ALVAREZ, MARIA | 000006507 | 1,234.85 |
| 3 | AMEZCUA, MANUEL | 000006508 | 926.96 |
| 18 | ASHOORI, BETINA | 000006509 | 1,681.90 |
| 23 | BAKER, JUSTIN M | 000006510 | 1,394.14 |
| 213 | BARKLOW, KRISTINE L | 000006511 | 1,814.44 |
| 11 | BROCK, JAY M | 000006512 | 2,806.43 |
| 5 | BROGAN, JEREME I | 000006513 | 1,603.47 |
| 60 | BUTTON, PATRICIA F | 000006514 | 1,204.23 |
| 57 | CRIVELLO, JOHN A | 000006515 | 2,928.43 |
| 211 | CRUZ, MARK A | 000006516 | 1,164.39 |
| 58 | DOMINGUEZ, DEREK J | 000006517 | 1,378.36 |
| 25 | DOWLEN, JEFFREY G | 000006518 | 1,495.33 |
| 26 | EVRETT, TROY | 000006519 | 1,801.18 |
| 39 | FARIAS, RUBEN | 000006520 | 1,326.48 |
| 38 | GORDON, MICHAEL | 000006521 | 1,620.89 |
| 31 | GUINN, KENNETH | 000006522 | 1,458.04 |
| 30 | HARO, ERIKA | 000006523 | 1,052.09 |
| 59 | HETTICK, ASHLEY N | 000006524 | 1,470.02 |
| 55 | HUNTLEY, STEVEN E | 000006525 | 2,698.87 |
| 42 | KRSTIC, MARIO | 000006526 | 3,545.76 |
| 46 | KYLE, BRIAN N | 000006527 | 1,864.78 |
| 53 | LOCKE, DARRELL O | 000006528 | 1,734.32 |
| 19 | MCHIRIDE, JESSE A | 000006529 | 1,560.94 |
| 94 | PHILLIPS, RICHARD W | 000006530 | 1,096.76 |
| 126 | SELF, JOHN M | 000006531 | 1,608.43 |
| 169 | VASQUEZ, RAFAEL | 000006532 | 1,839.17 |
| 175 | VILLALOBOS, DANIEL | 000006533 | 1,554.93 |
| 212 | WEATHERBIR, JOSHUA M | 000006534 | 2,219.64 |
| 176 | WILCUTT, RYAN P | 000006535 | 1,511.16 |
| 177 | WYCKOFF, DALE | 000006536 | 2,028.99 |
| Total Deposits: 30 | | | 51,625.38 |

** END OF REPORT - Generated by Betina Ashoori **

06/17/2015 16:59 |CITY OF FARMERSVILLE| P 1
6175dash |DIRECT DEPOSIT REGISTER - SPECIAL| prudvreg
WARRANT: 061915 From: 06/19/2015 TO: 06/19/2015

| EMP # | NAME | CHK # | NET PAY |
|--------------------|----------------------|-----------|----------|
| 7 | ALVAREZ, MARIA | 000006537 | 323.22 |
| 23 | BAKER, JUSTIN M | 000006538 | 18.40 |
| 213 | BARLOW, KRISTINE L | 000006539 | 348.21 |
| 11 | BROCK, JAY M | 000006540 | 365.30 |
| 6 | BROGAN, JEROME I | 000006541 | 365.10 |
| 57 | CRIVELLO, JOHN A | 000006542 | 91.25 |
| 211 | CRUZ, MARK A | 000006543 | 363.70 |
| 58 | DOMINGUEZ, DEREK J | 000006544 | 631.88 |
| 25 | DOMLEN, JEFFREY G | 000006545 | 688.12 |
| 26 | EVERETT, TROY | 000006546 | 365.10 |
| 39 | FARIAS, RUBEN | 000006547 | 18.35 |
| 38 | GORDON, MICHAEL | 000006548 | 18.25 |
| 31 | GUINN, KENNETH | 000006549 | 18.25 |
| 39 | HETTICK, ASHLEY N | 000006550 | 364.18 |
| 42 | KRSTIC, MARIO | 000006551 | 454.76 |
| 46 | KYLE, BRIAN N | 000006552 | 883.24 |
| 53 | LOCKE, DARRELL O | 000006553 | 348.21 |
| 19 | MCBRIDE, JESSIE A | 000006554 | 365.15 |
| 94 | PHILLIPS, RICHARD W | 000006555 | 308.14 |
| 126 | SELF, JOHN M | 000006556 | 711.98 |
| 169 | VASQUEZ, RAFAEL | 000006557 | 365.05 |
| 175 | VILLALOBOS, DANIEL | 000006558 | 365.10 |
| 212 | WEATHERBIE, JOSHUA M | 000006559 | 365.20 |
| 176 | WILLCUTT, RYAN P | 000006560 | 358.08 |
| 177 | WYCKOFF, DALE | 000006561 | 939.58 |
| Total Deposits: 25 | | | 9,443.80 |

** END OF REPORT - Generated by Betina Ashoori **

**City of Farmersville
Council Agenda Summary
June 22, 2015**

Item # 5

SUBJECT: Consideration of Resolution No. 2015-017 Adopting a revised Memorandum of Understanding with the City of Farmersville Mid Management Employee bargaining group.

RECOMMENDATION: Adopt Resolution 2014-017 authorizing the City Manager to execute a revised Memorandum of Understanding with the City of Farmersville Mid Management Employee bargaining group.

BACKGROUND:

Attached for the Council's considerations is Resolution No. 2015-017. The resolution adopts a revised addendum to the labor agreement with the Farmersville employee bargaining group known as the Mid Management Association and authorizes the City Manager to execute those agreements.

Attachments:

Revised Addendums to the Labor MOU with;

a) Mid-Management Association

Revised Addendums will be presented to council prior to the meeting on 06-22-2015.

CITY OF FARMERSVILLE
RESOLUTION NO. 2015-017

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERSVILLE, TULARE COUNTY, STATE OF CALIFORNIA ADOPTING A REVISED ADENDUM TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF FARMERSVILLE AND THE MID MANAGEMENT ASSOCIATION EMPLOYEE BARGAINING UNIT

WHEREAS, Resolution No. 1989-02 establishes procedures for employer-employee relations, and

WHEREAS, the Meyers-Milias-Brown Act of the State of California, commencing with Government Code Section 3500, requires certain procedures to be followed regarding employee-employer relations, and

WHEREAS, the City Council has directed the city manager to meet and confer in good faith with the members of the employee bargaining units, and

WHEREAS, the City Council recognizes the following as labor bargaining units for the employees of the City of Farmersville: Mid-Management Employees, and

WHEREAS, the City Council wishes to establish labor agreement in the form of memorandums of understanding (MOU) with each of the acknowledged bargaining units, and

WHEREAS, the City Council intends the MOUs to formalize the relationship between the employees of each bargaining unit and the City of Farmersville, and

WHEREAS, the term of the MOUs will be two years, commencing on July 1, 2015 and terminating on June 30, 2017.

NOW, THEREFORE, it is resolved by the City Council of the City of Farmersville as follows:

1. That Resolution 20015-013 is amended as listed below as of July 1, 2015.
2. That the attached Revised Addendum to the Memorandum of Understanding between the City and the Mid-Management Employees is hereby adopted and approved for execution by the City Manager.

PASSED AND ADOPTED THIS 22nd DAY OF JUNE, 2015, BY THE FOLLOWING VOTE:

AYES:

NAYS:

ABSTAIN:

ABSENT:

Gregorio Gomez, Mayor

ATTEST:

Patricia F. Button, City Clerk

program. The Employee shall pay the Employee contribution to PERS and shall be responsible for any future increases to the employee rate in accordance with current PERS rules and guidelines.

Additionally, City shall pay for all employees, the full cost of the employee's share of Social Security. The contribution to social security by City for the employees shall not count in any computation towards the PERS retirement program provided for in this section.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding this 23RD day of June, 2015.

MANAGEMENT EMPLOYEES

CITY OF FARMERSVILLE

By: _____
Jeff Dowling, Public Works Supervisor

By: _____
Mario Krstic, Interim City Manager

By: _____
Betina Ashoori, Finance Manager

By: _____
Jay Brock, Police Lieutenant

RESOLUTION 2015-014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERVILLE ADOPTING A BUDGET FOR THE CITY OF FARMERSVILLE FOR THE FISCAL YEAR 2015-2016

WHEREAS, the City Council of the City of Farmersville is desirous of establishing an annual Budget and Financial Plan for the Fiscal Year 2015-2016, and

WHEREAS, the Farmersville City Council has reviewed and considered the budget documents and has received input from the public, and

WHEREAS, the Summary of Appropriations (Exhibit A) attached hereto and made a part of this Resolution, Reflects the Fiscal Year 2015-2016 Program Budget for the City of Farmerville.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Farmerville does hereby find, determine, declare and resolve as follows:

1. The Farmersville City Council does hereby adopt the Fiscal Year 2015-2016 Budget for the City of Farmersville, as outlined in Exhibit A.
2. The City Manager is hereby authorized to make expenditures and appropriations in accordance with the Budget as adopted, with the exception of those expenditures which require prior Council approval, in accordance with the adopted City ordinances, rules and regulations.

PASSED AND ADOPTED at a regular meeting of the Farmersville City Council on the 22ND day of June, 2015, by a motion from ##### and a 2nd by ##### and adopted by the following vote:

AYES: #

NOES: #

ABSTAIN: #

ABSENT: #

Gregorio Gomez, Mayor

Patricia F. Button, City Clerk

CITY OF FARMERSVILLE

FISCAL YEAR 2015 – 2016

BUDGET UPDATE MEMO

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: STEVE HUNTLEY, FINANCE DIRECTOR

DATE: JUNE 22, 2015

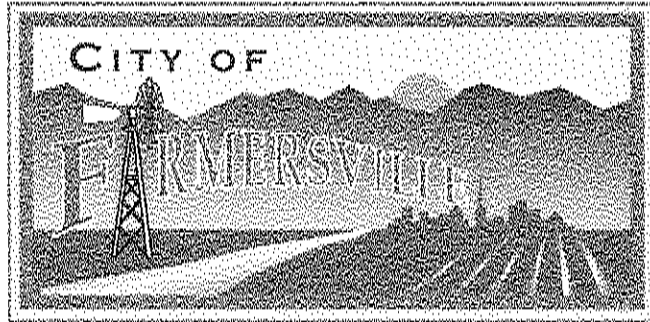
Update from the Initial Budget Presentation

City staff presented the budget in a study session with the City Council on June 8, 2015 and again briefly during regular session. At that time, Finance Staff was not given any direction to specifically change anything in the budget. However, also since that time, Finance staff was made aware of the specifics of the contract details regarding the new City Manager and has adjusted the budget accordingly.

A slight change was also made to the salary allocation for public works to shift a fraction of time out of the general fund to maintenance districts. This is a move that reflects a more accurate picture of time spent on maintenance districts by staff, a relieving of some expense from the general fund, and a more appropriate use of funds available in projected maintenance district revenue. This had a net change of only a few thousand dollars to the general fund and the maintenance district fund.

No other updates have been made other than these minor shifts. This updated budget document reflects these changes. Finance staff is confident that the budget presented is a good framework to guide the City through the Fiscal Year 2015-2016 and recommends approving and adopting this budget with these minor revisions.

CITY OF FARMERSVILLE



FISCAL YEAR 2015 – 2016

BUDGET

ADOPTED

JUNE 22, 2015

CITY OF FARMERSVILLE

FISCAL YEAR 2015 – 2016

BUDGET MESSAGE

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: STEVE HUNTLEY, FINANCE DIRECTOR

DATE: JUNE 22, 2015

Introduction and Purpose

City staff is presenting the City of Farmersville budget for the Fiscal Year 2015-2016 (FY 2016) for your review and adoption. Staff presented to Council a mid-year review on January 23rd and a Third Quarter Update on April 13th to keep the Council current but this budget report aims to provide more detail and allow for a clear image of where we are headed.

Once again, staff has put many hours of hard work and research to develop a budget that reflects the best interests of the City and the direction of the City Council and City Manager. As you know, last year's budget was a substantial undertaking to overcome much of the difficulties that the City was plagued with from its past including: becoming current on financial audits, reconciling all bank accounts, learning about and reducing appropriate expenses, and developing proactive habits in evaluating risks going forward instead of just cleaning items up from the past.

Like last year, the goal of this document is still to present a thorough yet straightforward report to allow for clear understanding in a format that is friendly to those unfamiliar with accounting practices. This year we will build upon the starting point that was last fiscal year.

The budget for FY 2016 will be the second full year under my leadership as the Finance Director for the City of Farmersville and although there are some daunting tasks coming our way in the near future I am excited once again for the opportunity to seek out what is best for the City through the budget process.

You may notice some format changes to the budget document this year. This was done with intention to tackle the intricacies of the multi-million dollar, multi-year endeavors that the City

is working on in addition to shaking off any remnants of old documents and potential errors they can cause.

Budget Assumptions

There are certain assumptions that must be in place before any changes or updates are made to the City budget. First, forecasting is a critical and essential piece of the budget process. Forecasting is a combination of reviewing both current year actual amounts, analyzing historical data, economic trends, and information from other agencies and resources. No two years will ever be the same even though some revenues and some expenditures are the same from year to year; so careful analysis must be done.

Revenues and Expenditures (the money the City collects and spends) are both closely monitored and forecasted conservatively. Day to day processes are still being refined as we work our way out of the problems in the past but the underlying philosophy in our policies and procedures stay the same which is to practice prudent budgeting and fiscal management. This can be a painful experience some times but I am confident that making the right choices now will pay off for the City in the long-run. The City Manager has also continued to direct us to build the financial stability as a primary goal. We hope to accomplish this by keeping current in our financial reporting and creating open communication with all City departments.

In addition to these changes, the City has negotiated with Hinderliter, de Llamas & Assoc. (HdL) to help us with forecasting our revenue on a very limited basis. They will provide mid-year review information and fiscal year-end forecasting for us each year to be sure we don't miss anything. The added help is especially timely given the dramatic changes with the unwinding of State-inflicted "triple flip" property tax swap and other more subtle revenue changes this fiscal year.

Building upon the inclusion of department heads into the budget from last year, we gave even more responsibility to the separate departments this year to submit initial budgets and start the conversation regarding changes in their respective fields. It appears to have gone well and will allow us to build upon further cooperation in future years.

Accomplishments & What's New This Year

Now, after completing our first whole year with new finance leadership, things are really coming into focus and we can begin work to improve beyond just meeting the basics. Within the last year, we have completed the last year's audit in a timely fashion, all bank reconciliations were done on time and balanced, we successfully upgraded our accounting software by several versions, incorporated card and web payments for City utility bills, revamped our document and record storage (hundreds of boxes recorded, tracked, and

reorganized), nearly completed our City website, eliminated tens of thousands of dollars in overhead expenses, recouped hundreds of thousands in funding due to our previous poor fiscal standing, and were able to hire a City Clerk to further improve our compliance, to name a few things.

The Administration Department is very proud of the all the work that has been done to solidify the footing of the City. This does not mean that the challenges in the environment are gone but that the City is in a better position to handle them as they present themselves. The City Hall staff is to be commended for their teamwork, diligence, and tenacious work ethic in tackling projects outside our normal comfort zones and with limited manpower and resources.

Our City Clerk position remains part time again this year. This position has been critical to getting the City up to speed with where it needs to be in so many ways. The Clerk has been a huge relief of undue risk to the City and workload burdens to staff who do not specialize, nor have experience, in that field.

It was mentioned last year that the City was entering a unique period filled with the opportunity and challenges associated with the initiation of multiple major construction projects. Almost all of those projects have been delayed in some way from last fiscal year to this upcoming year instead. However, these projects are set to be anywhere from 60% to 100% complete by the end of FY 2016, depending upon the project.

This year, in addition to huge construction projects, also sees the culmination of our employment searches in the hiring of a new City Manager. This is a crucial change for Farmersville as we select our most important staff leadership role and all that it can imply. This new leadership will be key to picking the who, what, how, when, and where of our future progress. The Administration Department is anxious to learn about the course that the City Manager will direct us in coming years.

This budget also includes a new Maintenance Worker I position in the Public Works Department and a new officer in the Police Department. In addition to new staff, the budget plans for the purchasing of several new vehicles via the Council-adopted vehicle purchasing plan for the Police Department and some much needed new trucks for Public Works. We are excited to see immediate impacts to the City with these changes. We are anticipating significantly lowered repair costs with new vehicles along with potential for getting closer to the service level desired by the Council with the new Maintenance Worker I position.

The City Manager has also designated a portion of the budget to voluntarily increase the benefits of our City staff in two ways. First, this budget includes a one-time 2% COLA increase for staff and a 1.2% increase in our existing benefit of matching the FICA taxes paid by employees. These are one time changes but will have lasting and on-going impacts for employees and the City alike. Second, in a policy change, the Police Department sworn officers will be paid out all remaining holiday hours for the year not used, just like the Fire Department. There are many advantages to this method, such as reducing our unfunded liabilities, and giving

officers the holiday pay in the year they earn it even if they can't take the day off. These changes do increase our year to year benefit expenses slightly and a total benefit expenditure increase of \$88,445 this year of which \$47,927 will impact the general fund.

Budgetary Concerns

Although a lot of work was done, and a lot of progress was made last year to catch up, there is always more to be improved upon. I am happy to report the following improvements from the budgetary concerns of last year:

First, although the water utility fund is still budgeted to be at an operating loss this next year, as it was last year, the City has acted in line with my recommendations to take action on utility rate changes and/or metering of residential usage. Since then, real progress has been made toward working on these items by applying for the Water Energy grant to secure funds to install meters in the entire City, and also engaging the City Engineer to conduct a water rate study which is nearly complete at the writing of this report.

Although both actions are good, they were not enacted quickly enough to affect the Water Utility fund budget for this year. I am hopeful that the City will realize a turnaround in this fund sometime in Fiscal Year 2017.

Second, the Solid Waste fund is no longer in an adverse state. In fact, it's functioning normally with a small but healthy fund balance, which is appropriate for the specific savings designated in our waste collection program. It is also operationally neutral, meaning that its expenses are fully paid for and there is no revenue glut or spending deficit. A much improved relationship with our Waste Collection vendor has improved the processes of this fund dramatically and it is anticipated to continue on this path for years to come.

New concerns for the coming year are mainly the following:

First, a large number of projects are coming online nearly simultaneously. While this is exciting news for the City is also represents a severe challenge to the fiscal health of the City. Steady cash flows paired with prudent reserves allow the City to pay all of its bills while waiting for reimbursement from Agencies and funding sources. The City is in a good position currently but multiple projects of this size have the potential to push us to our limits. Fiscal staff has begun work with those reimbursing our projects to secure ways of protecting the City through expedited reimbursement and funding advancements as needed. We are also currently engaged with CoBank to have the option to tap bridge funding to float costs if needed. We will have at minimum \$11,000,000 liquid to pay for all our project expenses this fiscal year. However, this is not a guarantee that this will still work out smoothly. The Administration Department urges the City Manager and City Council to prioritize projects and select precise

timelines for these projects wherever possible to ensure that the City can continue to meet its regular, and mandated, obligations while it sets forth into these historic projects.

Second, is the issue of the Fire Department limited funding timeline. As you know, most of the Fire Department staffing is paid through funding from the SAFER grant. While this is a great accomplishment for the City, it is also a severe challenge, fiscally speaking. Funding for these positions will allow us to cover most of the position-related expenses through the end of the FY 2016 but unless something changes, the general fund will be forced to cover the ongoing expense (over \$200,000 each year). Since we have been building the health of the general fund the last two years, the City could maintain this spending through the required period set forth by the grant agreement (through the Spring of 2017) by utilizing fund balances but it would not be sustainable.

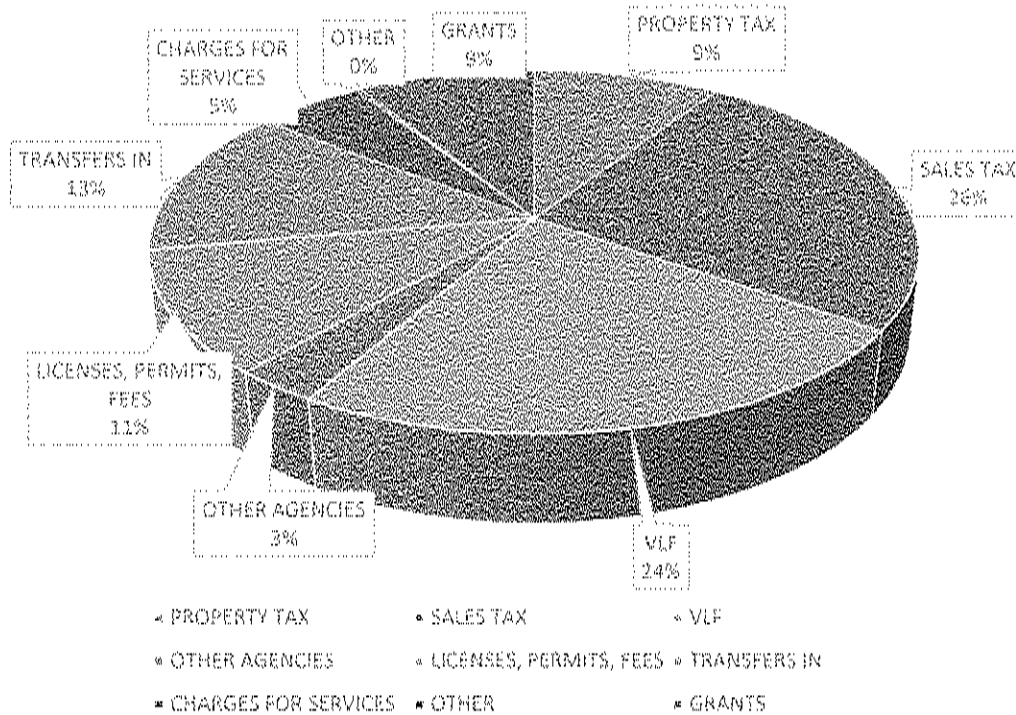
In addition, due to the timing of the major projects descending upon the City at once, this same fund balance potentially used to pay for Fire Department staff, may be required to float project costs instead. I don't anticipate this being an issue largely until we near the 2017 Fiscal Year but Council must be aware as to make decisions now to head off this threat. The difficult decision of choosing what manner of fire service the City should maintain is a question that is realistically on your doorstep. The end of grant funding is imminent so prioritization of desired fire service levels and seeking potential solutions quickly is paramount to the City's success.

The idea of introducing a new funding source such as a Utility User Tax or Property Tax increment to pay for these increased costs seems to be a feasible option. However, the concern is that with the rising sewer rates, and solid waste rates, and now potentially raising the rates of water service as well, residents of Farmersville may not respond well to additional tax proposals. While I believe a new revenue source is the best option to maintain a Fire Department at this current level (via tax, grant, or otherwise), it may also be prudent to ask if this is a service level that the City can realistically maintain. While good fire protection is essential for any community, especially one desiring growth, difficult decisions may need to be made about the best way to provide these services in a way that allows the City to live within its means.

Budget Highlights

The following pages are a quick snapshot of where we are going in the next fiscal year. As mentioned earlier, this is an exceptional year for the City of Farmersville in both opportunity and challenges. As we begin to settle into a normal state of financial prudence, and economic trends are good but volatile, we are faced with dynamic challenges that will continue to demand that the City stay vigilant in our assessment of the future while we maintain fiscal responsibility through measured, conservative progress.

GENERAL FUND: WHERE THE MONEY COMES FROM



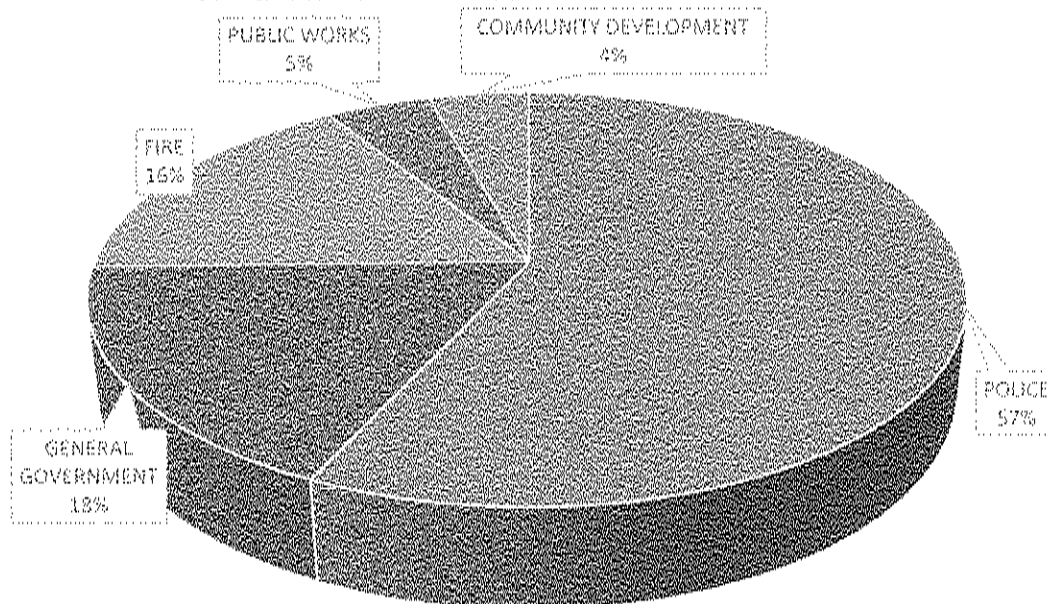
GENERAL FUND: WHERE THE MONEY COMES FROM

| REVENUE SOURCES | AMOUNTS | PERCENT |
|-------------------------|------------------|---------------|
| PROPERTY TAX | 315,500 | 9.4% |
| SALES TAX | 856,331 | 25.4% |
| VLF | 795,398 | 23.6% |
| OTHER AGENCIES | 101,500 | 3.0% |
| LICENSES, PERMITS, FEES | 365,279 | 10.8% |
| TRANSFERS IN | 447,668 | 13.3% |
| CHARGES FOR SERVICES | 182,004 | 5.4% |
| OTHER | 7,350 | 0.2% |
| GRANTS | 300,441 | 8.9% |
| TOTAL | 3,371,471 | 100.0% |

Revenues are forecasted to rise modestly from last year, but slower than State averages.

Revenue is forecasted to increase next year by \$106,120 or 3.2% for the general fund. All other revenue sources outside the general fund, some with significant changes this next year, are all budgeted to have matching expenses or less expense. The City continues to budget within its means and favor conservative progress over boom and bust cyclical spending.

GENERAL FUND: WHERE THE MONEY IS SPENT



• POLICE • GENERAL GOVERNMENT • FIRE • PUBLIC WORKS • COMMUNITY DEVELOPMENT

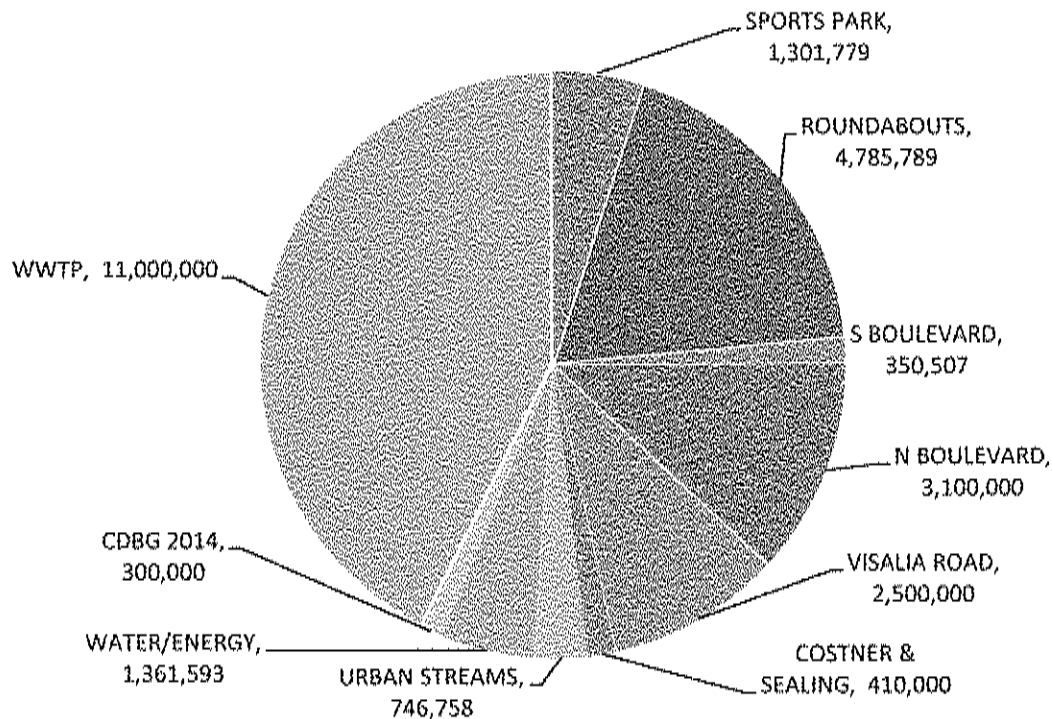
GENERAL FUND: WHERE THE MONEY IS SPENT

| APPROPRIATIONS | AMOUNTS | PERCENT |
|-----------------------|-----------|---------|
| POLICE | 1,893,095 | 56.9% |
| GENERAL GOVERNMENT | 587,198 | 17.7% |
| FIRE | 547,395 | 16.5% |
| PUBLIC WORKS | 150,924 | 4.5% |
| COMMUNITY DEVELOPMENT | 146,300 | 4.4% |
| TOTAL | 3,324,912 | 100.0% |

Expenses are rising, especially in Salaries & Benefits.

There are \$3,324,912 budgeted in expenditures and \$3,371,471 in revenues resulting in only \$46,558 planned to go into savings (1.4%) for FY 2016. This will add to the current fund balance of roughly \$1,200,000 at the writing of this report. The rise of Salary and Benefit expenses includes workers compensation insurance (16%), health insurance (7%), and CalPERS costs (15%). Each expense is significant and will need to be watched closely – always evaluating our course of action and available options. While this budget year programs in new Public Works staff, and all the associated costs, we will need to be cautious not to over-extend ourselves.

FARMERSVILLE PROJECT EXPENSE - FY 2016



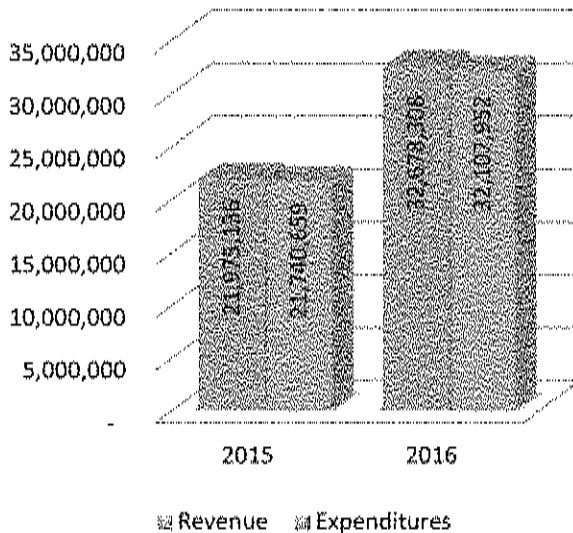
FARMERSVILLE PROJECTS

| PROJECT | AMOUNT | SOURCES |
|-------------------|-------------------|-----------|
| WWTP | 11,000,000 | 2 |
| ROUNDABOUTS | 4,785,789 | 4 |
| N BOULEVARD | 3,100,000 | 1 |
| VISALIA ROAD | 2,500,000 | 1 |
| WATER/ENERGY | 1,361,593 | 1 |
| SPORTS PARK | 1,301,779 | 4 |
| URBAN STREAMS | 746,758 | 1 |
| COSTNER & SEALING | 410,000 | 1 |
| S BOULEVARD | 350,507 | 2 |
| CDBG 2014 | 300,000 | 1 |
| TOTAL | 25,856,426 | 18 |

Eighty-one percent of the FY 2016 budget is dedicated to large projects and grant related expenses.

Of the \$32,105,251 total budget, \$25,856,426 (81%) is due to large projects and grants. All told this represents no less than 13 unique funding sources, some of which are used in multiple projects. In fact, we have two projects with four funding sources each – posing a significant administration department and fiscal staff undertaking.

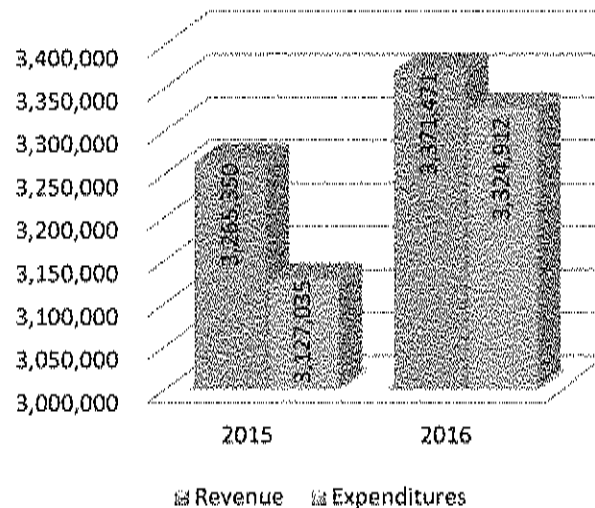
TOTAL BUDGET



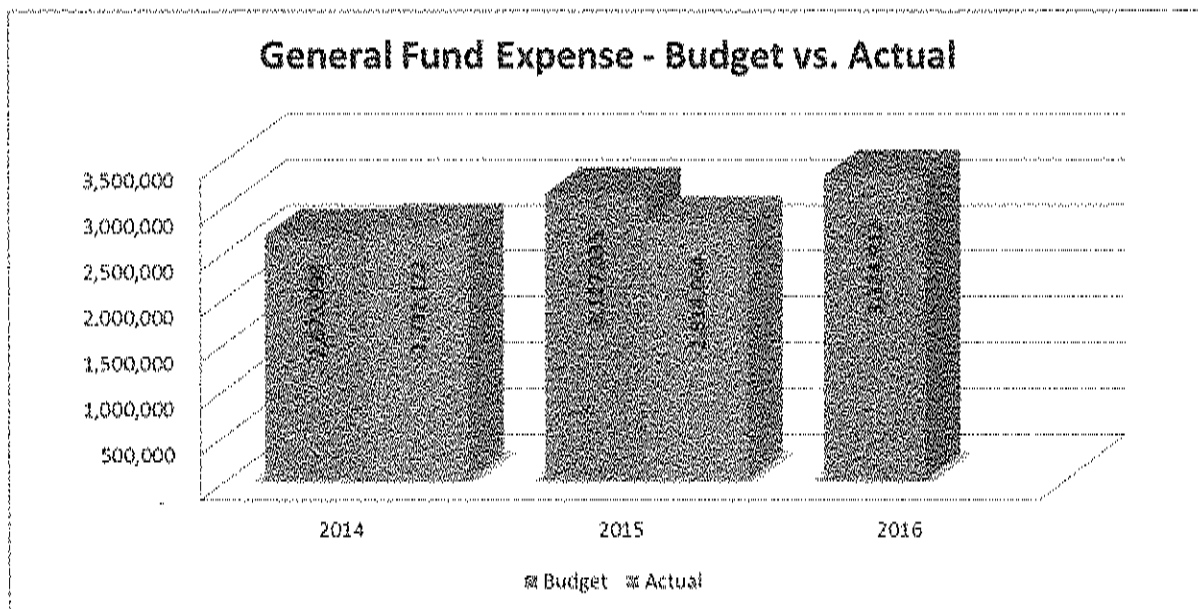
Total budget increase over last year is \$10,703,172 or 48.7% but this is largely carryover of unused project budget due to delays, growing projects costs, and simply more projects being initiated than in prior years.

The general fund budget increase over last year of \$197,877 or 6.3% is due almost entirely to Salary and Benefit and staffing increases. The increase in revenues to cover these expenses is due largely to small increases in on-going revenue streams such as sales tax revenues, rent revenues, franchise and overhead fees from enterprise funds, and transfers in from other funding sources.

GENERAL FUND BUDGET



While it is tempting to look at budget increases in a negative light sometimes, these increases represent the increased efforts of the City to be actively involved in its management of its responsibilities and resources. The bottom line is that, currently, Farmersville is responsibly growing with the growth it is receiving.



The general fund budget increased from FY 2014 to 2015 by 16.9% or \$454,037. The increase proposed from FY 2015 to FY 2016 is 6.3% or \$197,877. Spending for FY 2014 ended up 2% over budget but revenues came in even higher to cover those expenses. This is very close and so far for FY 2015 (current year) the City is about 90% of budget and about 92% (11 months) of the way through the year. This is a really good sign that spending is largely consistent with the budget. There is always room for improvement and the Administration Department will push hard to refine our processes even more in coming years.

Budget Document

The next section is our new budget document that we plan to make the core of our budgeting, forecasting, amendments, mid-year reviews, and general budget analysis. In the grand scheme of things, the document is not that different from the last one except for the following points which was deemed very valuable by staff:

- **New document, new version, less errors** – as a rule of thumb, people are uncomfortable with change and afraid of making mistakes. The problem that this creates is becoming so comfortable that we are blind to the mistakes that we are making. Creating a new budget document has already revealed some assumptions and errors, that while perhaps not very significant, left out important details that could cost the City in other ways.
- **Works well with our accounting software** – ease of use is important. It was important to create a document that allows for importing data directly from our software and thus cut down on extra work and additional opportunities to make errors.

- **Easy to read** – the layout of this spreadsheet is still easier to read than our other reports but also has much more information than prior budget documents. It also only has information that we use, nothing extra that takes up space.
- **No on-going costs** – there are a multitude of budgeting software programs in existence, some designed just for government entities, but the bottom line with all of them is there is one problem: they all cost money. By using a spreadsheet, we avoid any new software costs, on-going update costs, and the limitation of being unable to share this information in a really useful way with others. All finance departments use spreadsheets, not all departments use specific budgeting software.
- **Consolidated process** – the goal was to consolidate documents and the need to copy data over and over thus creating opportunity to create more errors.
- **Staff created and owned** – Staff created this document. If something goes wrong, or something needs to be changed or added, we are comfortable to quickly make the change. We also are not dependent upon calling a support line and waiting for help. Staff feels a sense of ownership and pride in something that is made in-house and this is reflected in the quality of how it is made and continually improved.

While this is not seemingly important to most people, these reasons will allow City staff to be more responsive and have more fore-thought in regard to our financial situation. It is a tool that will help us do a better job. City Council sees only a small part of this document, and the work that goes into creating it, but hopefully everyone will see the net impact to a smoother running City thanks to improved budgeting and analysis.



CITY OF FARMERSVILLE
BUDGET FOR 12 MONTHS ENDING JUNE 30, 2016
REVISED AS OF 5-31-2015

FY 2014-2015
CHANGES

FY 2014-2015
AMENDS

FY 2014-2015
ACTUAL TO 5/31/2015

FY 2015-2016
BUDGET

| | |
|---|-------------|
| 01 GENERAL FUND | |
| 400 GENERAL REVENUES | |
| 01-400-400-4001 - PROPERTY TAX | (130,000) |
| 01-400-400-4002 - SALES TAX | (300,000) |
| 01-400-400-4003 - SALES TAX PROF. 1% | (15,000) |
| 01-400-400-4004 - FRANCHISE FEE | (100,000) |
| 01-400-400-4005 - REAL ESTATE TAX, VLF | (752,371) |
| 01-400-400-4006 - REAL ESTATE TRANSFERS TAX | (8,500) |
| 01-400-400-4007 - PROPERTY TAX, PHOS | (7,500) |
| 01-400-400-4008 - PROPERTY TAX, SUPPLEMENTAL CR | (6,000) |
| 01-400-400-4009 - PROPERTY TAX, SUPPLEMENTAL PS | (8,500) |
| 01-400-400-4010 - CASH OVER AND SHORT | (3,504) |
| 01-400-400-4011 - MISC INCOME | (2,000) |
| 01-400-400-4012 - ESTATE TAX | (100,000) |
| 01-400-400-4013 - SALES TAX - ADD ON | (300,000) |
| 01-400-400-4015 - STP CHARGE | |
| 01-400-400-4016 - GAINLOSS ON INVESTMENT | |
| 01-400-400-4017 - TOTAL GENERAL REVENUES | (1,528,815) |

| | |
|--|-------|
| 401 CITY COUNCIL | |
| 01-401-300-5102 - OPERATING SUPPLIES | 50 |
| 01-401-300-5105 - PROFESSIONAL & CONTRACTUAL SVS | 3,300 |
| 01-401-300-5106 - EMPLOYEE DEVELOPMENT | 1,500 |
| 01-401-300-5107 - TOTAL CITY COUNCIL | 4,350 |

| | |
|--|-----------|
| 404 ADMINISTRATION | |
| 01-404-400-4011 - BUSINESS LICENSE | (15,000) |
| 01-404-400-4012 - RENTAL LICENSE | (11,500) |
| 01-404-400-4013 - GARAGE SALE PERMITS | (3,000) |
| 01-404-400-4015 - PERMITS | (311,000) |
| 01-404-400-4016 - FEES | 89,807 |
| 01-404-400-4017 - FICA | 5,572 |
| 01-404-400-4018 - PERS RETIREMENT | 1,383 |
| 01-404-400-4019 - PERS RETIREMENT | 20,688 |
| 01-404-400-4020 - LIFE/ACCIDENT INSURANCE | 1,355 |
| 01-404-400-4021 - WORKERS COMPENSATION | 5,399 |
| 01-404-400-4022 - CLEANING ALLOWANCE | 225 |
| 01-404-400-4023 - HEALTH/DENTAL/VISION | 36,659 |
| 01-404-400-4024 - PERS VACATION | |
| 01-404-400-4025 - OPERATING SUPPLIES | 1,000 |
| 01-404-400-4026 - REPAIRS & MAINTENANCE SERVICES | 300 |
| 01-404-400-4027 - PROFESSIONAL & CONTRACTUAL SVS | 30,000 |
| 01-404-400-4028 - EMPLOYEE DEVELOPMENT | 30,000 |
| 01-404-400-4029 - PHONE/INTERNET | 1,000 |
| 01-404-400-4030 - EVEL | 200 |
| 01-404-400-4031 - TOTAL ADMINISTRATION | (81,831) |

| | |
|--|-------------|
| | (129,000) |
| | (60,300) |
| | (15,700) |
| | (74,300) |
| | (755,380) |
| | (8,500) |
| | (7,500) |
| | (6,000) |
| | (8,500) |
| | 157 |
| | (3,504) |
| | (2,000) |
| | (100,000) |
| | (300,000) |
| | (70,851) |
| | (25,292) |
| | (1,974,167) |

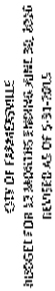
| | |
|--|--------|
| | 50 |
| | 4,642 |
| | 1,500 |
| | 10,843 |

| | |
|--|-----------|
| | (25,000) |
| | (11,500) |
| | (3,000) |
| | (176,373) |
| | 89,807 |
| | 5,572 |
| | 1,383 |
| | 20,688 |
| | 1,355 |
| | 5,399 |
| | 225 |
| | 36,659 |
| | |
| | 1,000 |
| | 300 |
| | 30,000 |
| | 30,000 |
| | 1,000 |
| | 200 |
| | (76,371) |



CITY OF FARMINGTON
BUDGET FOR 12 MONTHS ENDING JUNE 30, 2015
REVISED AS OF 5-31-2015

| | FY 2014-2015 ORIGINAL | FY 2014-2015 AMENDED | FY 2014-2015 ACTUAL A/D 5/31/2015 | FY 2015-2016 BUDGET |
|-----------------------------|--------------------------|-------------------------|--------------------------------------|------------------------|
| 405 MEMBERSHIP LEGISLATION | | | | |
| 01 -405-100-5105 - | 24,000 | | 19,216 | 24,000 |
| MEMBERSHIP LEGISLATION | | | | |
| 406 ADMINISTRATIVE OVERHEAD | | | | |
| 01 -406-100-5201 - | 5,000 | | 5,205 | 5,000 |
| 01 -406-100-5202 - | 4,000 | | 8,494 | 19,000 |
| 01 -406-100-5205 - | 250,000 | | 281,879 | 200,000 |
| 01 -406-100-5206 - | 36,000 | | 14,706 | 25,000 |
| 01 -406-100-5206 - | (11,000) | | | |
| 01 -406-100-5207 - | 85,000 | | 82,528 | 50,000 |
| 01 -406-100-5211 - | 5,000 | | 5,435 | 3,000 |
| 01 -406-100-5230 - | (20,000) | | (17,645) | (37,200) |
| 01 -406-100-5255 - | 175,333 | | 416,575 | 10,800 |
| ADMINISTRATIVE OVERHEAD | | | | |
| 407 RECREATION | | | | |
| 01 -407-100-5300 - | | | | |
| 01 -407-100-5305 - | 5,000 | | 5,000 | 5,000 |
| RECREATION | | | | |
| 408 CITY PROPERTIES | | | | |
| 01 -408-100-5305 - | 447 | | 335 | 447 |
| 01 -408-100-5305 - | 2,000 | | 278 | 25,000 |
| 01 -408-100-5305 - | 1,000 | | 511 | 700 |
| 01 -408-100-5311 - | 600 | | 448 | |
| 01 -408-100-5311 - | 5,847 | | 1,573 | (75,000) |
| 01 -408-100-5311 - | | | | 1,347 |
| CITY PROPERTIES | | | | |
| 409 CITY PROPERTIES | | | | |
| 01 -411-100-4031 - | 1,500 | | | (7,500) |
| 01 -411-100-4032 - | 14,000 | | (5,780) | (5,000) |
| 01 -411-100-4034 - | (20,000) | | (25,115) | (20,000) |
| 01 -411-100-4035 - | | | 17,660 | |
| 01 -411-100-4035 - | (10,000) | | (1,530) | (25,000) |
| 01 -411-100-4035 - | (74,601) | | (37,202) | (74,601) |
| 01 -411-100-4070 - | (10,000) | | (27,282) | |
| 01 -411-100-4072 - | (1,000) | | (5,973) | (7,000) |
| 01 -411-100-4072 - | (14,000) | | (18,319) | (14,000) |
| 01 -411-100-4080 - | 11,000 | | (5,985) | (2,400) |
| 01 -411-100-4081 - | (17,000) | | (38,656) | (65,500) |
| 01 -411-100-4081 - | | | | (64,300) |
| 01 -411-100-4081 - | 2,500 | | (675) | (7,000) |
| 01 -411-100-4081 - | (25,000) | | (23,973) | (25,000) |
| 01 -411-100-4081 - | | | | (18,000) |
| 01 -411-100-4081 - | (1,000) | | (973) | (1,000) |
| CITY PROPERTIES | | | | |
| 410 POLICE | | | | |
| 01 -411-100-4031 - | 1,500 | | | (7,500) |
| 01 -411-100-4032 - | 14,000 | | (5,780) | (5,000) |
| 01 -411-100-4034 - | (20,000) | | (25,115) | (20,000) |
| 01 -411-100-4035 - | | | 17,660 | |
| 01 -411-100-4035 - | (10,000) | | (1,530) | (25,000) |
| 01 -411-100-4035 - | (74,601) | | (37,202) | (74,601) |
| 01 -411-100-4070 - | (10,000) | | (27,282) | |
| 01 -411-100-4072 - | (1,000) | | (5,973) | (7,000) |
| 01 -411-100-4072 - | (14,000) | | (18,319) | (14,000) |
| 01 -411-100-4080 - | 11,000 | | (5,985) | (2,400) |
| 01 -411-100-4081 - | (17,000) | | (38,656) | (65,500) |
| 01 -411-100-4081 - | | | | (64,300) |
| 01 -411-100-4081 - | 2,500 | | (675) | (7,000) |
| 01 -411-100-4081 - | (25,000) | | (23,973) | (25,000) |
| 01 -411-100-4081 - | | | | (18,000) |
| 01 -411-100-4081 - | (1,000) | | (973) | (1,000) |
| POLICE | | | | |
| 411 POLICE | | | | |
| 01 -411-100-4031 - | 1,500 | | | (7,500) |
| 01 -411-100-4032 - | 14,000 | | (5,780) | (5,000) |
| 01 -411-100-4034 - | (20,000) | | (25,115) | (20,000) |
| 01 -411-100-4035 - | | | 17,660 | |
| 01 -411-100-4035 - | (10,000) | | (1,530) | (25,000) |
| 01 -411-100-4035 - | (74,601) | | (37,202) | (74,601) |
| 01 -411-100-4070 - | (10,000) | | (27,282) | |
| 01 -411-100-4072 - | (1,000) | | (5,973) | (7,000) |
| 01 -411-100-4072 - | (14,000) | | (18,319) | (14,000) |
| 01 -411-100-4080 - | 11,000 | | (5,985) | (2,400) |
| 01 -411-100-4081 - | (17,000) | | (38,656) | (65,500) |
| 01 -411-100-4081 - | | | | (64,300) |
| 01 -411-100-4081 - | 2,500 | | (675) | (7,000) |
| 01 -411-100-4081 - | (25,000) | | (23,973) | (25,000) |
| 01 -411-100-4081 - | | | | (18,000) |
| 01 -411-100-4081 - | (1,000) | | (973) | (1,000) |
| POLICE | | | | |



139008
RUD66

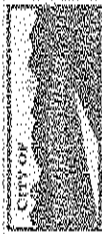
139008
RUD66

415601

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CITY OF FARMSTEADVILLE
BUDGET FOR 12 MONTHS ENDING JUNE 30, 2016
REVISED AS OF 5-31-2015

| | FF 2014-2015 AMENDED | FF 2014-2015 ACTUAL AND 5/31/2015 | FF 2015-2016 9/30/2015 |
|--|-------------------------|--------------------------------------|---------------------------|
| 01-415-600-5312 - PERS RETIREMENT | 4,837 | 3,873 | 5,516 |
| 01-415-600-5316 - LTD/AGE INSURANCE | 137 | 233 | 289 |
| 01-415-600-5317 - WORKERS COMPENSATION | 1,371 | 1,659 | 2,510 |
| 01-415-600-5318 - UNIFORM ALLOWANCE | 580 | 580 | 580 |
| 01-415-600-5321 - HEALTH/DENTAL/VISION | 5,217 | 5,217 | 2,825 |
| 01-415-600-5322 - PERS BAL PAYMENT | | | 798 |
| 01-415-600-5322 - OPERATING SUPPLIES | 100 | 100 | 100 |
| 01-415-600-5326 - PROFESSIONAL & CONTRACTUAL SRV | 100 | 37 | 100 |
| 01-415-600-5311 - PHONE/INTERNET | 2,000 | 1,015 | 240 |
| 01-415-600-5325 - FUEL | 3,583 | 3,537 | 4,892 |
| TOTAL FIRE DEPARTMENT | 39,717 | 28,979 | 35,841 |
| 420 FIRE DEPARTMENT | | | |
| 01-420-100-4053 - ABANDONED VEH ABATEMENT | (4,000) | (4,113) | (4,000) |
| 01-420-100-4065 - FIRE SERVICES (OUT OF COUNTY) | (10,000) | (10,563) | (10,000) |
| 01-420-100-4067 - REPAIR OF CODES - FIRE FEES | | | (310) |
| 01-420-100-4087 - VFA ODDUT TREMB | (34,000) | (34,000) | (35,000) |
| 01-420-100-4081 - SHOGIN-SKOWES | 121,119 | (15,654) | (15,000) |
| 01-420-100-4082 - SUPER | 234,832 | (57,234) | (183,613) |
| 01-420-100-5101 - SALARIES | 35,848 | 232,883 | 271,332 |
| 01-420-100-5303 - OVERBURD | 14,559 | 11,409 | 15,000 |
| 01-420-100-5310 - FICA | 3,066 | 3,559 | 17,585 |
| 01-420-100-5311 - MEDICARE | 37,766 | 3,559 | 4,021 |
| 01-420-100-5312 - PERS RETIREMENT | 1,208 | 3,597 | 29,035 |
| 01-420-100-5316 - LTD/AGE INSURANCE | 25,710 | 2,036 | 3,372 |
| 01-420-100-5317 - WORKERS COMPENSATION | 3,400 | 21,611 | 25,402 |
| 01-420-100-5318 - UNIFORM ALLOWANCE | 46,591 | | 3,400 |
| 01-420-100-5321 - HEALTH/DENTAL/VISION | | 43,298 | 56,075 |
| 01-420-100-5322 - PERS BAL PAYMENT | | | 11,957 |
| 01-420-100-5322 - OPERATING SUPPLIES | 500 | 106 | 500 |
| 01-420-100-5303 - FICA | 5,000 | 5,000 | 6,000 |
| 01-420-100-5305 - REPAIR & MAINTENANCE SUPPLIES | 2,000 | 2,894 | 2,000 |
| 01-420-100-5308 - REPAIRS & MAINTENANCE SERVICES | 6,000 | 5,745 | 6,000 |
| 01-420-100-5304 - PROFESSIONAL & CONTRACTUAL SRV | 70,000 | 33,730 | 35,000 |
| 01-420-100-5305 - PROFESSIONAL & CONTRACTUAL SRV | | | |
| 01-420-100-5306 - UTILITIES | 5,000 | 1,000 | 5,000 |
| 01-420-100-5306 - EMPLOYEE DEVELOPMENT | 5,000 | 2,899 | 4,000 |
| 01-420-100-5311 - PHONE/INTERNET | 5,000 | 3,505 | 2,112 |
| 01-420-100-5325 - FUEL | 12,000 | 9,165 | 13,000 |
| 01-420-100-5304 - EQUIPMENT | | | 2,000 |
| 01-420-100-5304 - SHOGIN-SKOWES | | 31,362 | 6,000 |
| 01-420-100-5304 - NEW FIRE ARMS-GEARS | 14,000 | 30,336 | 30,000 |
| TOTAL FIRE DEPARTMENT | 202,448 | 249,365 | 348,400 |
| 425 PARKS, BUILDINGS & GROUNDS | | | |
| 01-425-600-5101 - SALARIES | 42,368 | 45,330 | 45,035 |
| 01-425-600-5104 - FICA | 1,637 | 2,898 | 3,000 |
| 01-425-600-5311 - MEDICINE | 614 | 677 | 711 |



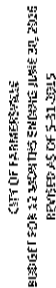
CITY OF FARMERSVILLE
BUDGET FOR 12 MONTHS ENDING JUNE 30, 2016
REVISED AS OF 5-31-2015

| | FY 2014-2015 ORIGINAL | FY 2014-2015 AMENDED | FY 2014-2015 ESTIMATED 5/31/2015 | FY 2015-2016 BUDGET |
|--|--------------------------|-------------------------|-------------------------------------|------------------------|
| 01-425-600-5112 - PERS RETIREMENT | 9,572 | 9,572 | 7,182 | 3,038 |
| 01-425-600-5116 - LIFE/SEE INSURANCE | 541 | 541 | 569 | 739 |
| 01-425-600-5117 - WORKERS COMPENSATION | 2,881 | 6,132 | 5,370 | 7,661 |
| 01-425-600-5118 - VENDOR ALLOWANCE | 735 | 735 | 735 | 735 |
| 01-425-600-5122 - MEAL/INDIVIDUAL/SHOIR | 16,857 | 16,857 | 14,946 | 16,394 |
| 01-425-600-5122 - PERS UAL PAYMENT | - | - | - | 1,530 |
| 01-425-600-5122 - OPERATING SUPPLIES | 1,369 | 1,369 | 3,139 | 1,300 |
| 01-425-600-5200 - REPAIR & MAINTENANCE SUPPLIES | 3,000 | 8,650 | 8,876 | 9,000 |
| 01-425-600-5200 - JEDOH FISH LAUNT WATER PARK | 150 | 150 | - | 1,500 |
| 01-425-600-5200 - REPAIRS & MAINTENANCE SERVICES | 1,500 | 3,500 | 3,400 | 3,000 |
| 01-425-600-5206 - PROFESSIONAL & CONTRACTUAL SV | 5,000 | 15,000 | 11,283 | 15,000 |
| 01-425-600-5206 - | 100 | 100 | - | 1,000 |
| 01-425-600-5206 - COMMUNITY CENTER MAINT | 24,000 | 24,000 | 18,740 | 24,000 |
| 01-425-600-5206 - UTILITIES | 3,200 | 3,200 | 2,811 | 1,574 |
| 01-425-600-5211 - PHONE/INTERNET | 5,000 | 5,000 | 5,308 | 5,500 |
| 01-425-600-5215 - FUEL | 200 | 200 | - | 100 |
| 01-425-600-5215 - TOTAL PARKS, BUILDINGS & GROUNDS | 125,959 | 142,777 | 110,411 | 140,740 |
| 416 ANIMAL CONTROL | | | | |
| 01-425-100-5006 - ANIMAL CONTROL FEES | 11,500 | 11,500 | 12,117 | 11,500 |
| 01-425-100-5101 - SALARIES | 20,486 | 20,486 | 20,235 | 22,563 |
| 01-425-100-5110 - PCA | 1,371 | 1,371 | 1,371 | 1,371 |
| 01-425-100-5111 - MEDICINE | 297 | 297 | 297 | 295 |
| 01-425-100-5112 - PERS RETIREMENT | 4,837 | 4,837 | 5,674 | 1,546 |
| 01-425-100-5116 - LIFE/SEE INSURANCE | 377 | 377 | 223 | 289 |
| 01-425-100-5117 - WORKERS COMPENSATION | 1,371 | 1,600 | 1,669 | 1,978 |
| 01-425-100-5118 - UNIFORM ALLOWANCE | 350 | 109 | - | 350 |
| 01-425-100-5118 - MEAL/INDIVIDUAL/SHOIR | 5,217 | 5,217 | - | 2,436 |
| 01-425-100-5121 - PERS UAL PAYMENT | - | - | 2,702 | - |
| 01-425-100-5122 - OPERATING SUPPLIES | 1,000 | 1,000 | 500 | 700 |
| 01-425-100-5200 - REPAIR & MAINTENANCE SUPPLIES | 1,000 | 1,000 | 425 | 1,000 |
| 01-425-100-5200 - REPAIRS & MAINTENANCE SERVICES | 500 | 500 | 1,196 | 1,000 |
| 01-425-100-5204 - PROFESSIONAL & CONTRACTUAL SV | 15,000 | 45,000 | 45,981 | 46,000 |
| 01-425-100-5205 - | 500 | 500 | 466 | 500 |
| 01-425-100-5213 - PHONE/INTERNET | 3,500 | 3,500 | 3,107 | 4,000 |
| 01-425-100-5215 - FUEL ANIMAL CONTROL | 63,410 | 63,675 | 70,219 | 86,000 |
| TOTAL ANIMAL CONTROL | 141,446 | 138,315 | 138,537 | 146,150 |
| TOTAL GENERAL FUND | 13,044,105 | 13,265,160 | 12,815,520 | 13,371,479 |
| TOTAL REVENUES | 3,033,659 | 3,127,095 | 2,816,063 | 2,826,912 |
| TOTAL EXPENSES | 120,455 | 120,455 | 120,104 | 203,179 |
| 01 WATER UTILITY | | | | |
| 01-425-00-5101 - SALARIES | 9,338 | 9,338 | 2,281 | 14,500 |
| 01-425-00-5103 - OVERTIME | - | - | - | 12,603 |
| 01-425-00-5110 - FICA | 2,142 | 2,142 | 1,832 | 2,947 |
| 01-425-00-5111 - MEDICINE | 12,387 | 12,387 | 30,007 | 12,312 |
| 01-425-00-5117 - PERS RETIREMENT | - | - | - | - |



CITY OF SAFFMERSVILLE
BUDGET FOR 12 MONTHS ENDING JUNE 30, 2016
REVISED AS OF 5-31-2015

| | 01 2014-2015 BUDGET | 01 2014-2015 ACTUAL 6/30/2015 | 01 2014-2015 AMENDED | 01 2014-2015 BUDGET | 01 2014-2015 ACTUAL 6/30/2015 | 01 2014-2015 AMENDED |
|---|------------------------|----------------------------------|-------------------------|------------------------|----------------------------------|-------------------------|
| 01 425-00-5116 - LIT/LIFE INSURANCE | | 1,565 | 1,565 | | | |
| 01 425-00-5117 - WORKERS COMPENSATION | | 10,954 | 5,479 | | | |
| 01 425-00-5118 - UNIFORM ALLOWANCE | | 1,038 | 1,038 | | | |
| 01 425-00-5121 - HEALTH/RETIREMENT/VISION | | 40,176 | 40,176 | | | |
| 01 425-00-5122 - PERS UNEMPLOYMENT | | 100 | 100 | | | |
| 01 425-00-5102 - OFFICE SUPPLIES | | 14,000 | 14,000 | | | |
| 01 425-00-5103 - OPERATING SUPPLIES | | 8,000 | 8,000 | | | |
| 01 425-00-5104 - REPAIRS & MAINTENANCE SERVICES | | 100 | 100 | | | |
| 01 425-00-5105 - PROFESSIONAL & CONSULTING SVCS | | 14,600 | 14,600 | | | |
| 01 425-00-5106 - UTILITIES | | 60,000 | 60,000 | | | |
| 01 425-00-5108 - EMPLOYEE DEVELOPMENT | | 4,500 | 4,500 | | | |
| 01 425-00-5111 - PHONE/INTERNET | | 125,334 | 125,334 | | | |
| 01 425-00-5115 - FUEL | | 5,000 | 5,000 | | | |
| 01 425-00-5125 - SHIRT TOPS | | 10,150 | 10,150 | | | |
| 01 425-00-5126 - FRANCHISE PAYMENT | | | | | | |
| 01 425-00-5104 - EQUIPMENT | | 150,150 | 150,150 | | | |
| 01 425-00-4014 - WATER USER FEES | | 18,500 | 18,500 | | | |
| 01 425-00-4015 - RECONNECTION FEES | | 18,500 | 18,500 | | | |
| 01 425-00-4016 - HYDROPOWER EXAMINER | | 15,175 | 15,175 | | | |
| 01 425-00-4018 - RETIREMENT CHECK FEE | | 12,500 | 12,500 | | | |
| 01 425-00-4019 - BASIC INCOME | | 26,405 | 26,405 | | | |
| TOTAL WATER UTILITY | | | | | | |
| TOTAL REVENUES | | 155,425 | 155,425 | | | |
| TOTAL EXPENSES | | 581,530 | 577,013 | | | |
| 01 425-00-5100 - VEHICLES | | 1,000 | 1,000 | | | |
| 01 425-00-5101 - WATER DEVELOPMENT FEES | | 10,000 | 10,000 | | | |
| 01 425-00-5102 - REDEMPTION EXPENSES | | 12,500 | 12,500 | | | |
| TOTAL WATER DEVELOPMENT | | | | | | |
| TOTAL REVENUES | | 12,500 | 12,500 | | | |
| TOTAL EXPENSES | | 1,000 | 1,000 | | | |
| 01 425-00-5100 - SALARIES | | 104,300 | 104,300 | | | |
| 01 425-00-5101 - OVERTIME | | 2,381 | 2,381 | | | |
| 01 425-00-5110 - FICA | | 13,432 | 13,432 | | | |
| 01 425-00-5111 - MEDICARE | | 2,634 | 2,634 | | | |
| 01 425-00-5112 - PERS RETIREMENT | | 40,433 | 40,433 | | | |
| 01 425-00-5116 - LIT/LIFE INSURANCE | | 2,520 | 2,520 | | | |
| 01 425-00-5117 - WORKERS COMPENSATION | | 9,071 | 9,071 | | | |
| 01 425-00-5118 - UNIFORM ALLOWANCE | | 1,455 | 1,455 | | | |
| 01 425-00-5122 - HEALTH/RETIREMENT/VISION | | 45,608 | 45,608 | | | |
| 01 425-00-5123 - PERS UNEMPLOYMENT | | | | | | |



| | | |
|---------------------|---------|-----------|
| ST 2022-2025 | 4,157 | 56,114 |
| ACTUAL AND BUDGETED | 4,580 | 61,111 |
| | 5,572 | 61,111 |
| | 20,798 | 1,250 |
| | 19,211 | |
| | 19,211 | |
| | 843,423 | |
| | | 1,251 |
| | | 1,251 |
| | | 1,154,680 |
| | | 56,503 |

| DATE | DESCRIPTION | AMOUNT |
|------------|-------------|------------|
| 04-24-2012 | DEPOSIT | 5,000 |
| | | 11,500 |
| | | 50,000 |
| | | 80,000 |
| | | 10,000 |
| | | 2,450,000 |
| | | 4,000,000 |
| | | 55,000 |
| | | 100 |
| | | 1,000 |
| | | 100,000 |
| | | 5,000 |
| | | 10,000 |
| | | 12,000 |
| | | 1,000,000 |
| | | 10,000 |
| | | 10,000,000 |
| | | 100,000 |

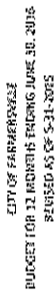
13.541
13.350
13.507

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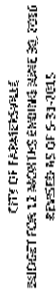
| | | | |
|---------|---------|---------|---------|
| 50,991 | 5,482 | 1,981 | 50,991 |
| 467 | 467 | 467 | 467 |
| 431 | 431 | 431 | 431 |
| 1,951 | 1,951 | 1,951 | 1,951 |
| 1,138 | 1,138 | 1,138 | 1,138 |
| 89 | 89 | 89 | 89 |
| 295,665 | 295,665 | 295,665 | 295,665 |
| 522 | 522 | 522 | 522 |
| 113 | 113 | 113 | 113 |

| | |
|---------|---------|
| 1,200 | 1,000 |
| 1,015 | 400,500 |
| 612 | 251 |
| 5,451 | |
| 551 | |
| 1,161 | |
| 300 | |
| 2,516 | |
| 1,000 | |
| 400,500 | |
| 251 | |

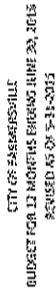
| DE REFUSE | SALARIES | FICA | MEDEARE | PERK REPRESENT | LIFE INSURANCE | WORKERS COMPENSATION | UNIFORMS ASSURANCE | HEALTH DENTAL PAIDIOR | PERIODIC PAYMENT | OPERATING SUPPLIES | PROFESSIONAL & CONTRACTUAL FEE | TRAVEL/INTEPORT | OVERHEAD | TITLE |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|--------------------|-----------------------|------------------|--------------------|--------------------------------|-----------------|-----------------|-----------------|
| 06 -425.00 5302 | 06 -425.00 5302 | 06 -425.00 5310 | 06 -425.00 5311 | 06 -425.00 5311 | 06 -425.00 5311 | 06 -425.00 5311 | 06 -425.00 5311 | 06 -425.00 5311 | 06 -425.00 5312 | 06 -425.00 5303 | 06 -425.00 5305 | 06 -425.00 5311 | 06 -425.00 5350 | 06 -425.00 5355 |



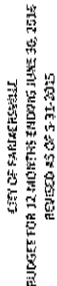
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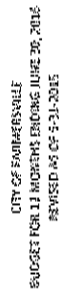


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CITY OF FARMINGTON
BUDGET FOR 12 MONTHS ENDING JUNE 30, 2016
REVISED AS OF 5-31-2015

| | SY 2014-2015 ORIGINAL | SY 2015-2016 APPROVED | SY 2014-2015 ACTUAL MAY 31, 2015 | SY 2015-2016 BUDGET |
|---|--------------------------|--------------------------|-------------------------------------|------------------------|
| TOTAL EXPENSES | 144,600 | 144,600 | 78,907 | - |
| 81 POLICE DEVELOPER FEES | | | | |
| 81-411-000-5200 - PROFESSIONAL & CONTRACTUAL SV | | | 21,002 | |
| 81-411-100-4040 - INVESTMENT EARNINGS | 4,577 | 4,577 | | 4,575 |
| 81-411-100-4110 - PUBLIC SAFETY DEVELOPER FEES | (10,000) | (10,000) | (1,217) | (1,500) |
| 81-411-100-4112 - TOTAL POLICE DEVELOPER FEES | (10,000) | (10,000) | 19,785 | (1,575) |
| TOTAL REVENUES | (10,457) | (10,457) | (3,213) | (2,575) |
| TOTAL EXPENDITURES | - | - | 24,692 | - |
| 82 STATE ASSET FORFEITURE | | | | |
| 82-411-200-4940 - INVESTMENT EARNINGS | (18) | (18) | - | (20) |
| 82-411-200-4940 - TOTAL STATE ASSET FORFEITURE | (18) | (18) | - | (20) |
| TOTAL REVENUES | (18) | (18) | - | - |
| TOTAL EXPENDITURES | - | - | 1,402 | - |
| 83 LIVE SCAN | | | | |
| 83-411-000-5205 - PROFESSIONAL & CONTRACTUAL SV | - | - | 1,402 | - |
| 83-411-100-4680 - LIVE SCAN REVENUE | - | - | (1,402) | - |
| 83-411-100-4680 - TOTAL LIVE SCAN | - | - | (1,402) | - |
| TOTAL REVENUES | - | - | (2,166) | - |
| TOTAL EXPENDITURES | - | - | 1,402 | - |
| GRAND TOTAL | | | | |
| TOTAL REVENUES | (21,975,156) | (21,975,156) | (8,121,013) | (32,578,308) |
| TOTAL EXPENDITURES | 21,700,658 | 21,587,587 | 6,010,088 | 32,107,552 |
| REVENUE (OVER) OR UNDER | (264,478) | (487,574) | (1,310,955) | (570,355) |

**City of Farmersville
Council Agenda Summary
June 22, 2015**

Item # 7

SUBJECT: Consider an employment contract for the position of City Manager

RECOMMENDATION: Adopt an employment contract for the position of City Manager

BACKGROUND: It is requested that council consider and adopt the attached employment contract for the position of City Manager. The name of the applicant will be provided prior to adoption at the meeting.

EMPLOYMENT AGREEMENT

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This Agreement is made and entered into on the latest date set forth by signature below by and between the City of Farmersville, California ("CITY") and _____ ("EMPLOYEE") both of whom understand and agree as follows:

WHEREAS, CITY desires to employ the services of EMPLOYEE as City Manager;

WHEREAS, it is the desire of the CITY to provide certain benefits, to establish certain conditions of employment and to set working conditions for EMPLOYEE; and

WHEREAS, EMPLOYEE desires to accept employment as City Manager for the City of Farmersville under the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

Section 1: Appointment and Duties.

A. The City Council hereby appoints EMPLOYEE as City Manager of the City of Farmersville, to competently perform functions and duties of the City Manager as set forth in the City of Farmersville Municipal Code, as it may be amended from time to time, in addition to any other functions and duties specified by state and federal law, city ordinance or resolution, operative job description or other directive, and to perform other legally permissible and proper duties and functions as the City Council shall assign from time to time, without additional compensation aside from the compensation provided for in this Agreement. Both parties acknowledge that the specific duties of the position may vary from time to time. EMPLOYEE must work exclusively for CITY and must not consult or accept concurrent employment with any other person or entity without the prior approval of CITY's governing body.

B. EMPLOYEE must devote his full energy, skill, ability and productive time to the performance of his duties under this Agreement.

C. EMPLOYEE shall not engage in any employment, activity, consulting service or other enterprise, for compensation or otherwise, which is actually or potentially in conflict with, inimical to, or which interferes with the performance of his duties under this Agreement. Any such activity must be disclosed in writing to the City Council prior to engaging in the same and failure of CITY to promptly object or take any action after such a disclosure shall not under any circumstance constitute an approval or waive of rights by CITY.

Section 2: Term of Agreement.

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A. This Agreement shall be effective commencing on **August 3, 2015**, and the term of this Agreement shall automatically expire at the end of the calendar day (11:59:59 P.M. local time) on **August 3, 2018**.

B. Thereafter, if this Agreement was not extended, or if a new or different agreement did not replace this Agreement, and if CITY and EMPLOYEE proceed to engage in active negotiations toward either of those, then the rate of compensation and benefits earned by EMPLOYEE as of **August 3, 2018** shall remain the same if EMPLOYEE is requested by the City Council to, and does without interruption, continue to perform the terms of this Agreement, until either a mutually suitable final agreement is reached between CITY and EMPLOYEE or until either party provides the other with written notice of final termination at least fifteen (15) days before the effective date thereof.

C. Nothing in this Section shall prevent, limit, or otherwise interfere with the right of the CITY to terminate the services of EMPLOYEE at any time, subject only to the provisions set forth in this Agreement.

D. Nothing in this Section shall prevent, limit or otherwise interfere with the right of the EMPLOYEE to resign at any time from his position with the CITY, subject only to the provisions set forth in this Agreement

Section 3: Compensation and Benefits.

A. CITY agrees to pay EMPLOYEE, for his services rendered under this Agreement, a *gross* annual salary of one hundred twelve thousand five-hundred U.S. dollars (\$112,500.00 USD) per year. This compensation shall be earned and payable on a pro rata basis at the close of each pay period, and paid to EMPLOYEE at the same times, and in the same manner, as full-time salaried employees of the CITY are paid, and shall be subject to all applicable taxes and withholdings, which may include without limitation Social Security, FICA and employee contributions for the Public Employee Retirement System ("PERS").

B. The parties agree that EMPLOYEE shall be responsible for the employee portion of contributions that are required by applicable laws, benefits providers and retirement plans, including without limitation those for Social Security and PERS, and the CITY shall be responsible for the corresponding employer contributions.

C. Benefits:

(i) General: The parties agree that EMPLOYEE shall be entitled to the administrative leave, sick leave, holiday leave, health insurance, life insurance, FICA offset compensation and PERS contributions provided under the CITY's applicable employee benefits policy(ies).

(ii) Vacation Leave: The EMPLOYEE shall accrue vacation leave at the rate of one hundred twenty (120) hours per year, prorated each pay period, up to a maximum aggregate

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of three hundred (300) accrued hours after which no further vacation hours may accrue until the number of accrued hours falls below said cap. Vacation may be taken at a time selected by the EMPLOYEE and approved by the City Council.

(iii) Automobile Allowance: In addition to the base salary specified above, EMPLOYEE shall be paid two hundred and fifty U.S. dollars (\$250.00 USD) each calendar month in exchange for making a personal automobile available for the EMPLOYEE's own use for City-related business during, before and after normal work hours and EMPLOYEE shall also be entitled to use a CITY vehicle for all CITY-related travel distances of fifty (50) miles or more.

(iv) Cellular Telephone: Consistent with the CITY's practice or policy (which may be revised from time to time) with CITY's department heads, CITY at its own expense shall either provide EMPLOYEE with a cellular telephone under CITY's wireless telephone account or pay to EMPLOYEE a monthly allowance which EMPLOYEE must use toward payment for personal cellular telephone service though which EMPLOYEE must be available to CITY and which EMPLOYEE must also use for CITY business without further reimbursement from CITY.

D. Performance, Salary and Informal Evaluations: The City Council must review and evaluate the performance and salary of the EMPLOYEE at least once annually, on or about the EMPLOYEE's employment anniversary and/or as mutually agreed. Additionally, during the first year of this Agreement, the EMPLOYEE shall be entitled to initiate and obtain an informal performance evaluation approximately ninety (90) days and one hundred eighty (180) days after the EMPLOYEE begins his employment hereunder. The annual review and evaluation may be in accordance with specific criteria developed jointly by the City Council or designee and EMPLOYEE. Such criteria may be revised, added to or deleted from time to time. If satisfied with EMPLOYEE's performance, CITY shall have the right, in its sole and absolute discretion, to either award a salary increase or decline to award such an increase.

E. Relocation Allowance: Upon commencement of employment with the CITY, the CITY shall within ten (10) business days pay to EMPLOYEE a sum of two thousand five hundred U.S. dollars (\$2,500.00 USD) to defray the costs associated with EMPLOYEE's relocation in order to become employed by the CITY. Said payment shall be a one-time payment.

Section 4: At-Will Employment.

A. EMPLOYEE understands and expressly agrees that EMPLOYEE has no constitutionally protected property or other interest in his employment as City Manager. EMPLOYEE understands and expressly agrees that EMPLOYEE serves at the will and pleasure of the City Council pursuant to Government Code § 36506 and that EMPLOYEE may be terminated or asked to resign at any time, with or without cause, subject to the terms of this Agreement.

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B. Resignation: EMPLOYEE must give the CITY at least thirty (30) days prior written notice if EMPLOYEE voluntarily resigns from the City Manager position.

C. Termination Without Cause: The CITY may without cause terminate EMPLOYEE upon thirty (30) days written notice. At the end of said thirty (30) day period, EMPLOYEE's service to the CITY shall automatically terminate. EMPLOYEE shall be allowed to use accrued vacation, not to exceed ten (10) working days, during said thirty (30) calendar day notification period. EMPLOYEE shall thereupon be entitled to receive a lump sum severance pay equal to six (6) months salary only (i.e. without benefits), plus any salary earned as of the final date of employment and accrued vacation leave, provided that Government Code § 53260(a) shall be complied with to the extent applicable. Upon payment of said lump sum, all other obligations of both CITY and EMPLOYEE under this Agreement shall cease. In order to be terminated by CITY either with or without cause, three (3) or more Council members (regardless of the number of council members participating in the vote and regardless of whether or not any vacancies on the Council exist at the time of the vote) must affirmatively vote in favor of termination at a regular and duly noticed City Council meeting. Accordingly, votes of any abstaining members shall not count as an affirmative vote even if counted toward a quorum.

D. Termination After Election: Pursuant to FMC § 2.08.100, the City Council may not terminate EMPLOYEE without cause during the ninety (90) day period following any municipal election in which any new member of the City Council is elected.

E. Termination for Cause: Notwithstanding any other provision of this Agreement, CITY may terminate this Agreement for cause upon ten (10) days written notice to EMPLOYEE. For the purposes of this Agreement, cause is defined as follows: (a) The arrest or conviction of EMPLOYEE for any illegal act involving personal gain to him, sexual misconduct and/or any felony; (b) Abuse of non-prescription controlled substances or alcohol that materially affects or carries the potential to materially affect the performance of the EMPLOYEE's duties; (c) Repeated or protracted unexcused absences from the City Manager's office and duties; (d) Any unlawful conduct that results in a substantial exposure to civil liability to the CITY; or (e) Breach of any obligation imposed by this Agreement. At the end of said 10-day notice period, the EMPLOYEE's services shall terminate and all other obligations of both EMPLOYEE and CITY under this Agreement shall cease. Any termination pursuant to this subsection shall not prejudice any other remedy to which the CITY may, either at law, in equity or under this Agreement, be entitled.

Section 5: Hours of Work.

A. EMPLOYEE shall commence work under this Agreement on August 3, 2015. The City Manager position is an exempt employee position and EMPLOYEE is expected each month to engage in a sufficient number of hours of work necessary to

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competently fulfill the obligations of the City Manager position. Though the City Manager position does not have a particular set of hours of work, the City Manager must be available at all reasonable times, including during any emergency or other exigency which arises.

B. Unless excused by the City Council, EMPLOYEE is expected to attend all City Council meetings and any other formal regular and special meetings of CITY's public bodies as the City Council may direct. Regular City Council meetings are presently scheduled for the evening on the Second (2nd) and Fourth (4th) Monday of each month. The schedule of meetings may be amended from time to time.

C. Except in connection with evening meetings of CITY and its public bodies, EMPLOYEE must carry out his employment duties during normal business/office hours as set by the City Council, local ordinance, state law or applicable grant funding requirements.

Section 6: Payment of Expenses of Employment.

The CITY shall pay the following usual and customary employment expenses.

A. Professional Development: CITY agrees to budget and pay the professional dues, subscriptions, travel and other business expenses of the EMPLOYEE reasonably necessary for his continuation and participation in national, regional, state and local associations and organizations, including the League of California Cities and similar organizations, necessary and desirable for his continued professional participation, growth and advancement, and for the benefit of the CITY. Notwithstanding the foregoing, CITY shall have the sole and exclusive discretion as to which items noted in this paragraph shall be paid for except CITY shall pay for one service club membership provided such service club is located in Farmersville.

B. The cost of any fidelity or other bonds or equivalent required by law for the City Manager.

C. The cost to defend and indemnify EMPLOYEE to the extent required by California law, as provided by the California Tort Claims Act [Government Code §§ 810 et seq.] in Government Code §§ 825-825.6 and/or 995-995.6, or otherwise.

Section 7: Notice.

A. Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered, sent by facsimile transmission or sent by first class mail, postage prepaid, with either return-receipt requested or delivery confirmation, and addressed as follows:

CITY:

With A Copy To:

DRAFT

City Clerk
CITY OF FARMERSVILLE
909 West Visalia Road
Farmersville, California 93223
559-747-0458
559-747-6724 (fax)

Michael L. Farley, City Attorney
FARLEY LAW FIRM
108 West Center Avenue
Visalia, California 93291
559-738-5975
559-732-2305 – (fax)

EMPLOYEE:

(Address provided by employee on file)

B. Notice personally delivered is effective when delivered. Notice sent by facsimile transmission is deemed to be received upon successful transmission. Notice sent by first class mail shall be deemed received on the fifth (5th) day after the date of mailing. Either party may change the above address by giving written notice pursuant to this paragraph.

Section 8: General Provisions.

A. **Entire Agreement Represented:** This Agreement represents the entire agreement between EMPLOYEE and CITY as to its subject matter and no prior oral or written understanding shall be of any force or effect. No part of this Agreement may be modified without the written consent of both parties.

B. **Conflict With Laws or Regulations/Severability:** If any provision of this Agreement is found by any court or other legal authority, or is agreed by the parties to be, in conflict with any code or regulation governing its subject matter, only the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either party is lost, the Agreement may be terminated at the option of the affected party. In all other cases the remainder of the Agreement shall continue in full force and effect.

C. **Attorneys' Fees:** If any legal action or proceeding is brought to enforce or interpret this Agreement, the prevailing party, as determined by the court, shall be entitled to recover from the other party all reasonable costs and attorney's fees, including such fees and costs as may be incurred in enforcing any judgment or order entered in any such action.

D. **Waivers:** The failure of either party to insist on strict compliance with any provision of this Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either party of either performance or payment shall not be considered to be a waiver of any preceding breach of the Agreement by the other party.

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E. **Representation by Legal Counsel:** The parties acknowledge and agree that they were, or had the opportunity to be, represented individually by legal counsel with respect to the matters that are the subject of this Agreement and that they are fully advised with respect to their respective rights and obligations resulting from signing this Agreement.

F. **Construction:** This Agreement reflects the contributions of all undersigned parties and accordingly the provisions of Civil Code section 1654 shall not apply to address and interpret any alleged uncertainty or ambiguity.

G. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of California. EMPLOYEE and CITY agree that venue for any dispute shall be in Tulare County, California, although nothing in this paragraph shall preclude the parties from agreeing to some form of alternative dispute resolution.

H. **Headings:** Section headings are provided for organizational purposes only and do not in any manner affect the scope, meaning or intent of the provisions under the headings.

I. **Assignment:** Unless otherwise provided in this Agreement, CITY is relying on the personal skill, expertise, training and experience of EMPLOYEE and no part of this Agreement may be assigned or subcontracted by EMPLOYEE without the prior written consent of CITY. Any attempted assignment shall be null and void.

J. **No Third-Party Beneficiaries Intended:** Unless specifically set forth, the parties to this Agreement do not intend to provide any other person or entity other than a signatory hereto with any benefit or enforceable legal or equitable right or remedy.

IN WITNESS WHEREOF, the City Council of the City of Farmersville has authorized its Mayor to sign and execute this Agreement on behalf of the CITY, as set forth below, and EMPLOYEE has signed and executed this Agreement. The signatures of the parties below indicate that each has read and understood the Agreement and will abide by the terms stated herein.

DRAFT

Date: _____

Gregorio Gomez, Mayor

Date: _____

ATTEST:



Patricia Button, City Clerk

APPROVED AS TO FORM:

Moses Diaz, Deputy City Attorney

MDX06172015 - Farmersville - City Manager Employment Agreement-2.doc

**City of Farmersville
Council Agenda Summary
June 22, 2015**

Item # 8

SUBJECT: Consider awarding the bid for construction of the Farmersville Interchange Improvement Project based on the design engineers review and recommendation.

RECOMMENDATION: Award the bid for construction of the Farmersville Interchange Improvement Project based on the design engineers review and recommendation.

BACKGROUND: Refer to the attached memo from Tom McCurdy of Quad Knopf and the attached memo from Mike Winton of Omni Means regarding bid reviews and recommendation on the Farmersville Interchange Improvement Project. Staff concurs with the recommendation that Lee's Paving be awarded the contract for \$4,822,802.80.



Quad Knopf

June 16, 2015

Mr. Mario Krstic, Interim City Manager
City of Farmersville
909 West Visalia Road
Farmersville, CA 93223

Subject: **Farmersville Roundabout Bids**

Dear Mr. Krstic:

On Wednesday, June 10, 2015, bids were received for the Roundabout Projects at Farmersville Blvd./Noble Ave. and Noble Ave./Hwy 198 ramps. Five (5) bids were received ranging in price from \$4,822,802.80 to \$6,622,906.62. The engineer's estimate for the project is \$4,870,714.50.

Omni Means, the project designer has reviewed the bids and have found the low bid submitted by Lee's Paving of Visalia, California to be acceptable in conformance with the bid documents.

Based on Omni Means review and their attached letter, we recommend that the Council award the project to the apparent low bidder, Lee's Paving of Visalia, California, in the amount of \$4,822,802.80.

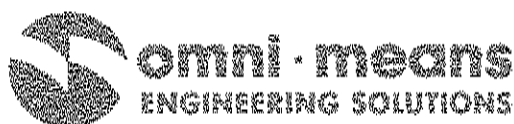
Sincerely,

Tom McCurdy
Public Works Manager

Enclosures: Omni Means Letter

cc: Mike Winton, Omni Means

F150003
TM/jla



June 12, 2015

Mario Krstic, Interim City Manager
City of Farmersville
909 West Visalia Road
Farmersville, CA 93223

RE: Review of Contractor's bid for the Farmersville Roundabouts Project

Dear Mario:

I have reviewed the Bid submitted by Lee's Paving, Inc. and find that the Bid meets the requirements in the Notice to Bidders and Special Provisions. The following is a summary of select information based upon my review:

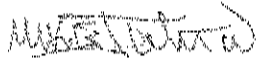
1. The arithmetic for the Bid was totaled correctly.
2. The bid amounts were reviewed and deemed to be materially balanced.
3. The Bid contains the required list of subcontractors (Part I and II).
4. The Equal Employment Opportunity Certification is properly filled in.
5. There were no lobbying activities disclosed.
6. The following certifications and statements are included:
 - Nonlobbying Certification
 - Public Contract Code Section 6101 Statement
 - Noncollusion Affidavit
 - Public Contract Code Section 7110 Statements
 - Public Contract Code Section 10232 Statement
 - Debarment and Suspension Certification (with no exceptions)
7. The Public Contract Code Section 10162 Questionnaire was checked "No".
8. The Public Contract Code Section 10285.1 Statement was checked "Has Not".
9. There were four addenda issued and received by Lee's Paving Inc.
10. The Bid is signed.
11. A bid bond is included with the Bid.
12. Exhibit 15-G (Local Agency DBE Information) was submitted and the DBE goal of 10.2% has been reached.
13. The status of the contractor license number listed in the bid has been verified at the Contractor's State License Board website. The license status is current and active. Department of Industrial Relations registration was also checked and verified.

June 12, 2015

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Based on the review of the bids, we recommend award of the construction contract to the apparent low bidder, Lee's Paving, Inc., based out of Visalia, California.

If you have any questions or require additional information please contact me.



Mike Winton, PE
Project Manager

Cc: Tom McCurdy

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**City of Farmersville
Council Agenda Summary
June 22, 2015**

Item # 9

TO: Mayor and Council Members

FROM: Mario Krstic, Interim City Manager

SUBJECT: Public Hearing to Discuss Proposed Updates to the Guidelines for the Housing Rehabilitation Program and the Homebuyer Acquisition Only/Acquisition with Rehabilitation Program

I. Purpose of the Hearing

The purpose of this hearing is to allow the citizens of Farmersville the opportunity to review and make comments on the proposed updates to the Guidelines for the Housing Rehabilitation Program and the Homebuyer Acquisition Only/Acquisition with Rehabilitation Program.

II. Background

The City of Farmersville has established Guidelines which govern the administration of its Housing Rehabilitation Program and its Homebuyer Acquisition Only/Acquisition with Rehabilitation Program. The City has received funding from the State Department of Housing and Community Development (HCD) Community Development Block Grant (CDBG) Program to implement these programs.

CDBG Program regulations require that the City conduct a public hearing on all CDBG-related matters to provide for and encourage citizen participation, particularly by low- and moderate-income persons who reside in areas in which CDBG funds are used. Therefore, when the public hearing is opened, the public will be invited to comment on the proposed updates to the Guidelines. Comments may be received in writing or orally.

A public notice was published in the June 11, 2015 issue of the Visalia Times Delta notifying the public that a public hearing had been scheduled for June 22, 2015. The public notice was also posted in the City's customary locations. The public notice provided citizens with information on where to submit written comments if they were unable to attend the public hearing. No written comments were received.

The proposed update of the Guidelines for the Housing Rehabilitation Program and the Homebuyer Acquisition Only/Acquisition with Rehabilitation Program is necessary to address impacts of the drought on low-income families served by domestic water wells and to comply with new or revised requirements of HCD.

III. Housing Rehabilitation Program Guidelines

The drought has had a considerable impact on families who rely on domestic water wells as their source of water since many of these wells have dried up. Due to the demand for assistance, the Housing Rehabilitation Program Guidelines have been updated to include separate waiting lists for families needing general home repair and those needing water well repair or replacement. If a family needs both types of repairs, they are placed on both lists. In each case, families are assisted on a first-come, first-served basis. The separate list for water well repair or replacement allows families who are currently without water to be assisted in a timelier manner since Self-Help Enterprises, the City's Program Operator, has obtained additional sources of funding through corporate donations and other grant funds for which they may qualify to assist them. In addition, water well repair or replacement has been added as an eligible cost for grant financing.

Changes requested by HCD include updates and additions related to:

- Rehabilitation bid process and recruitment of contractors;
- Conflict of interest;
- Removal of owner-investor requirements. HCD requires separate guidelines for owner-occupant and owner-investor properties; and
- Other minor changes (e.g., updates to various program limits).

IV. Homebuyer Acquisition Only/Acquisition with Rehabilitation Program Guidelines

Changes requested by HCD include updates and additions related to:

- Application process;
- Conflict of interest;
- Modest housing definition; and
- Other minor changes (e.g., updates to various program limits).

V. Action Requested

After holding the Public Hearing, approve updates to the Housing Rehabilitation Program Guidelines and the Homebuyer Acquisition Only/Acquisition with Rehabilitation Guidelines.

VI. Conclusion

Citizens are encouraged to make comments to the City regarding any aspects of the CDBG Program. Citizens also are invited to submit written comments. Citizens may inspect the citizen participation supporting documents on file at City Hall. Write or contact the City of Farmersville, 909 W. Visalia Road, Farmersville, CA 93223.

City of Farmersville

Homebuyer Acquisition Only/ Acquisition with Rehabilitation Program Guidelines

For:

CalHome Program
Community Development Block Grant
(CDBG) Program and
HOME Investment Partnerships Program

Serving the
City of Farmersville

Ver. 2015.1

HOME Approved 08/09/11

Pending CDBG Approval

CalHome Approved 03/29/11

HOMEBUYER PROGRAM GUIDELINES

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CITY OF FARMERSVILLE

HOMEBUYER PROGRAM GUIDELINES

1.0. GENERAL

The above-named entity, hereinafter referred to as the "Sponsor," has entered into a contractual relationship with the California Department of Housing and Community Development ("HCD") to administer one or more HCD-funded homebuyer Programs. The homebuyer Program described herein (the "Program") is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as "housing units", located within the Program's eligible area, as described in Section 3.1.A. The Program provides this assistance in the form of deferred payment "silent" second priority loans as "Gap" financing toward the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers as their primary residence. The Program will be administered by Self-Help Enterprises, (the "Program Operator").

1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

- A. The Fair Housing Lender logo and Accessibility logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program will sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.
- B. The Program Operator will work with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.
- C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any Program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

- A. The Sponsor maintains a waiting list of applicants. When applicants are placed on the list, they are sent a Program Brochure and Instructions to Home Buyer (Attachment G) and directed to the Program Operator's HUD and CalHome approved Homebuyer Counseling and Education program. Each applicant must participate in the Homebuyer Counseling and Education Program and receive a certificate of completion to be eligible for the Sponsor's Homebuyer Program.
- B. Once the applicant's name comes to the top of the waiting list, a phone interview is conducted to gather sufficient information concerning household size and composition, income, employment, and credit history to establish preliminary eligibility for Program participation. The potential homebuyer is advised to interview and compare lenders to start the pre-qualification process for a primary loan. Potential homebuyers are advised that funds will be available on a first-come, first-served basis upon receipt of a complete application package and pre-qualification letter from the applicant's primary lender.
- C. The Program Operator will provide an income and asset form, submission form, and lender cover letter to the potential homebuyer's primary lender for completion. In addition to these documents, the primary lender must submit a complete application package and pre-qualification letter to the Program Operator on behalf of the applicant. Completed applications are processed on a first-come, first-served basis. Applications are deemed complete only if all information is completed, the application is signed and dated, and a primary lender's pre-qualification information is included. Incomplete applications are returned to the primary lender and will not be date/time stamped until complete.
- D. Upon receipt of a complete application package, the Program Operator will confirm Program eligibility of the potential homebuyer. Upon eligibility confirmation, the Program Operator will send both the potential homebuyer and primary lender the following documents: pre-qualification letter, mortgage commitment letter with a list of conditions, Sellers Lead-Based Paint (LBP) Disclosure (Attachment E) and Notice to Seller (Attachment F). In the event the potential homebuyer is found to be ineligible, the applicant will receive a denial letter with an explanation of the reason(s) for denial and the appeal process.

If the Program Operator encounters material discrepancies and/or misrepresentations and/or there are income, asset, household composition, or other important questions that can't be resolved, the Sponsor reserves the right to deny assistance to the household. In this event, the applicant will receive a denial letter with an explanation and may re-apply after six months have elapsed from the time of written assistance denial.

- E. The potential homebuyer is given 90 days in order to find a qualified home. If during the 90-day timeframe, the potential homebuyer is unable to purchase a home, an extension may be given. However, if it appears the potential homebuyer cannot participate in the

Program, the reservation of funds expires and the next person on the waiting list is given an opportunity to participate in the Program.

1.3. THE HOME PURCHASE PROCESS

- A. The following is a simplified example of how a primary lender would analyze a homebuyer's finances to determine how much the homebuyer could afford to borrow from the primary lender towards homeownership.

| DEBT SERVICE FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH | | |
|--|------------|--|
| HOUSING PAYMENTS | | TOTAL OVERALL PAYMENTS |
| Principal & Interest Payment | \$ 865 | \$1,180 Housing |
| Insurance | 82 | +200 Other Debt Service |
| Taxes | <u>233</u> | \$1,380 Total Debt Service |
| Total Housing Expense (PITI is 35% of \$3,388) | \$1,180 | (Overall debt service per month is 41% of \$3,388) |
| OTHER HOUSEHOLD DEBT SERVICE | | |
| Car Payment | \$ 150 | |
| Credit Card Payment | <u>50</u> | |
| Total Other Debt | \$ 200 | |

A \$865 per month loan payment equates to borrowing \$143,000 at 5.88% for a 30 year term.

| SUBSIDY CALCULATION FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH | |
|---|----------------|
| Purchase Price of Property | \$ 280,000 |
| Less Primary loan amount* | <u>143,000</u> |
| Less down payment of 1% | <u>2,800</u> |
| Equals "GAP" | \$ 134,200 |
| Plus estimated allowable settlement charges | <u>8,400</u> |
| Equals Total Subsidy | \$ 142,600 |

*Primary loan amount must be the maximum amount for which the family can qualify.

- B. The housing unit selection process will be conducted by the homebuyers. Prior to making an offer to purchase an eligible housing unit (see Section 3.0), homebuyer shall provide seller with a disclosure containing the following provisions:

- 1) Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; and
 - 2) Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;
 - 3) The housing unit will be subject to inspection. The housing unit must comply with local codes at the time of construction and local health and safety standards.
 - 4) All housing units built prior to January 1, 1978 will require a lead paint disclosure to be signed by both the homebuyer and Seller (Attachment E);
 - 5) Since the purchase would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance;
 - 6) The seller understands that the housing unit must be either: currently owner-occupied, newly constructed, or vacant for three months prior to submission of the purchase offer.
 - 7) If the seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the agreement after this information is provided.
- C. Applicant submits executed standard form, purchase and sale agreement, and primary lender prequalification letter to Program Operator. The purchase and sale agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval. Program Operator verifies applicant eligibility, housing unit and loan eligibility and amount of assistance to be provided consistent with these guidelines.
- D. Program Operator, where Program Operator is not the Sponsor, submits recommendation to the Sponsor for approval or denial, including the reasons for the recommendation. Sponsor determines Applicant's approval or denial, and instructs Program Operator to notify Applicant. Program Operator provides written notification to Applicant of approval or denial with reason and, if denied, a copy of the Program's appeal procedures.
- E. When Primary Lender requirements are met, Program funds are deposited into escrow, with required closing instructions and loan documents.
- F. At the time of escrow closing, the Sponsor shall be named as an additional loss payee on fire, flood (if required), and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. A policy of Title Insurance naming the Sponsor as insured is also required.

1.4. HOMEBUYER COSTS

- A. Eligible households must document that they have the funds necessary for down payment and closing costs as required by the Primary Lender and the Sponsor. The Program's down payment requirement (below) is in place even if the Primary Lender has a lower down payment requirement. If the Primary Lender has a higher down payment requirement, there is no additional down payment requirement required by the Program.

B. Homebuyer funds shall be used in the following order:

- 1) Down payment – Homebuyer must contribute a minimum down payment of one percent (1%) of the purchase price, but may contribute more, if desired.
- 2) To the extent possible after satisfying 1), above, appraisal fee; cost of credit report; the loan origination fee; discount points; customary homebuyer closing costs; homebuyer's customary portion of the escrow fees; title insurance; and, the establishment of impound accounts for property taxes and insurance.
- 3) After 1) and 2), above, are satisfied, any balance of homebuyer funds may be applied either to the purchase price or to reduce the interest rate of the primary loan as necessary.

C. If the items in B.2), above cannot be satisfied with homebuyer funds, the Sponsor will provide additional Program loan assistance to cover the remaining balance.

D. Sponsor will not provide more than fifty percent (50%) of the acquisition cost (purchase price plus all closing costs). Sponsor may also provide sufficient assistance, as Program loan principal, to reduce the monthly payments for PITI to an affordable level of household income. The subsidy will write down the cost of the primary lender's loan so that the payments of PITI are within approximately 25 to 35% of the gross household income. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program's loan to make sure that it conforms to the requirements of the HCD funding Program.

1.5. INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM – For CDBG Only

The Individual Development Account (IDA) Program is designed to assist participants in developing a savings pattern and eventually in purchasing a lasting asset, in the form of funds saved for Homebuyer down payments and closing costs.

- A. To receive IDA Program approval, each participant must be employed and receiving "earned income".
- B. Following approval, Self-Help Enterprises (the "IDA Program Operator") will open an account at the IDA approved partner bank.
- C. Enrollment in the IDA Program is considered complete once each participant completes a mandatory nine (9) hours of Financial Fitness Education. This includes a two (2) hour session with a banker which occurs during their first visit to make their initial bank deposit. Each participant must also complete eight (8) hours of Homebuyer Counseling and Education within six (6) months of enrollment.
- D. Each participant is required to make a minimum monthly deposit of twenty-five dollars (\$25) into the savings account established by the IDA Program Operator. The minimum length of participation in the IDA Program is six (6) months and the participant may not miss more than three (3) deposits within a twelve (12) month period.

- E. Each participant will receive a 3:1 match up to the first \$1,000 of their savings. There is a maximum of three thousand dollars (\$3,000) match per participant and six thousand dollars (\$6,000) match per household. The maximum three thousand dollars (\$3,000) match funds are made up of one thousand five hundred dollars (\$1,500) in Federal Funds from California Coalition of Rural Housing (CCRH) and one thousand five hundred dollars (\$1,500) Non-Federal Funds from Sponsor.
- F. Participants will receive quarterly account updates showing the amount of matching funds earned.
- G. Matching funds, that are not CDBG funds, will remain in the project reserve account until a property has been located, escrow is opened, and a withdrawal request has been approved; at which time, funds will be sent directly to escrow on behalf of the participant.
- H. All match funds must be used to purchase a home. Any unused match funds will be applied as a principal reduction. If a participant terminates their IDA involvement prior to purchasing a home, the participant will only have access to the funds they have deposited. If a participant closes the savings account established by the IDA Program Operator, IDA Program involvement will be considered terminated.

1.6. HOMEBUYER EDUCATION

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training, can bring success to the Sponsor, Program Operator, the Program and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to attend a Sponsor-approved homebuyer education class. The homebuyer education class will cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; impact of refinancing and loan servicing. Methods of homebuyer counseling and education may include, but are not limited to: online education, one-on-one counseling between homebuyer, counselor and family/individual and/or group workshops and informational sessions. Tools of instruction may include fliers, brochures, power point presentations, worksheets, etc.

1.7. CONFLICT OF INTEREST REQUIREMENTS

When the Sponsor's Program contains Federal funds, the applicable Conflict of Interest requirements of 24 CFR Section 570.611 shall be followed for CDBG assistance, and for CalHome-funded programs, the applicable Conflict of Interest requirements of Public Contract Code sections 10410, 10411, and 10430 (e) shall be followed.

For HOME assistance, Section 92.356 of the HOME Final Rule shall be followed, as follows:

- (a) Conflicts prohibited. No persons described in paragraph (b) of this section who exercises

or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild and in-laws of a covered person.

(b) Persons covered. The conflict of interest provisions of paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.

(c) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction to HCD, HUD may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. See 24 CFR 92.356(d)(1-6) for details on the documentation needed in order to submit an exception request to HUD.

1.8. NON-DISCRIMINATION REQUIREMENTS

The Program will be implemented in ways consistent with the Sponsor's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any Program or activity funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

2.0 APPLICANT QUALIFICATIONS

2.1. CURRENT INCOME LIMITS FOR THE AREA, BY HOUSEHOLD SIZE

All applicants must certify that they meet the household income eligibility requirements for the applicable HCD Program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD each year. (Attachment C)

The link to the official HCD maintained income limits is:

<http://www.hcd.ca.gov/hrc/rep/state/incNote.html>

Household: Means one or more persons who will occupy a housing unit. For HOME and CDBG, unborn children count in family size determination. For CalHome, unborn children are not counted.

Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria, as shown in the most recent HCD Program-specific guidance at <http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html>, will be followed to independently determine and certify the household's annual gross income. The Program Operator should compare this annual gross income to the income the Primary Lender used when qualifying the household. The Primary Lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third-party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine Program eligibility. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. **See Attachment A for HOME and CDBG. See Attachment A-1 for CalHome.** For those types of income counted, gross amounts (before any deductions have been taken) are used. Two types of income that are not considered would be income of minors and live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected ability to pay must be used, rather than past earnings, when calculating income.

For HOME and CDBG, the link to Annual Income Inclusions and Exclusions is:

http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc.

B. ASSETS:

There is no asset limitation for participation in the Program. Income from assets, however, is recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. *(Note: it is the income earned – e.g. interest on a savings account – not the asset value, which is counted in annual income.)* See Attachment B.

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including, for example, penalties or fees for converting financial holdings and costs for selling real property. For HOME and CDBG, the cash value (rather than the market value) of an item is counted as an asset. For CalHome, the market value of an item is counted as an asset.

For HOME and CDBG, the Link to Asset Inclusions and Exclusions is:

http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDoes/AppendixC_AnnualIncomeAssetInclusionsExclusions.doc

2.3. DEFINITION OF AN ELIGIBLE HOMEBUYER

An eligible homebuyer means an individual or individuals or an individual and his or her spouse who meets the income eligibility requirements and is/are not currently on title to real property. Persons may be on title of a manufactured home unit, who are planning to sell the unit as part of buying a home located on real property. Documentation of homebuyer status will be required for all homebuyers. CDBG-funded Programs may assist eligible homebuyers who are not "first-time" homebuyers.

HOME and CalHome-funded Programs are required to use the following definition of an eligible homebuyer, which is a "first-time homebuyer" from 8201(1) Title 25 California Code of Regulations:

"First-time homebuyer" means an individual or individuals or an individual and his or her spouse who have not owned a home during the three-year period before the purchase of a home with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

- 1) a displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
- 2) a single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- 3) an individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with assistance, a dwelling unit whose structure is:
 - a. not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - b. not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

3.0. HOUSING UNIT ELIGIBILITY

3.1. LOCATION AND CHARACTERISTICS

- A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: "Within the Farmersville City limits."
- B. Housing unit types eligible for the Homebuyer Program are new or previously owned single-family residences, condominiums, or manufactured homes in mobile home parks, in common-interest developments or on a single-family lot and placed on a permanent foundation system. HOME does not allow manufactured homes unless on a permanent foundation system.
- C. For HOME-funded Programs, housing must be "modest", having no more than three bedrooms, two bathrooms, and a two-car garage. Larger homes are acceptable if necessary for the following reasons:
 - The family size necessitates additional bedroom(s)/bathroom(s), or;
 - A reasonable accommodation is necessary due to the family's disability (e.g. an extra bedroom for an aide).

Exceptions must be approved by the Loan Review Committee and must be documented for monitoring purposes. For all funding sources, the number of bedrooms will be determined by the appraisal. In addition, in-ground pools may not be eligible if the cost of pool maintenance and operation (utilities) causes the housing ratio to exceed 40%.

- D. All housing units must be in compliance with State and local codes and ordinances.
- E. Housing units located within a 100-year flood zone will be required to provide proof of flood insurance with an endorsement naming the Sponsor as additional insured in order to close escrow.

3.2. CONDITIONS

- A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

- 1) The Program Operator, a certified housing inspector, or a Sponsor representative will walk through the housing unit, determine if it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected. A list of code related repair items will be given to the homebuyers and their Realtor to be negotiated with the seller.

If there are one or more health and safety deficiencies, and/or violations of applicable

building codes noted in the written report, the Sponsor will approve the subsidy only if:

- a) Repair prior to close of escrow. The buyer and seller agree to make necessary repairs to the dwelling unit prior to transfer of property ownership at their own expense; or,
 - b) HOME acquisition and rehabilitation loan. If HOME funds are available, the buyer may use up to \$10,000 of the Sponsor's First-Time Homebuyer loan to make necessary repairs. All health and safety hazards and code violations must be eliminated under this option. Examples of allowable expenses include, but are not limited to: foundation repair, electrical repair or rewiring, plumbing or sewer repair, roof repair or replacement, heating system installation or repair, and repair of structurally-significant damaged wood. General property improvements are not eligible unless required to bring the dwelling unit into compliance with local health and safety standards or applicable building codes. For example, sidewalk repair would not be an eligible use of funds. However, if a sidewalk must be removed to correct a sewer problem, funds may be used to replace the portion of the sidewalk removed for the work. Buyers should note that the use of any Program funds for rehabilitation on a home built before 1978 may incur additional lead-based paint testing. Hiring of a contractor and completion of repairs will be conducted in accordance with the section entitled "Acquisition with Rehabilitation Process", Section 3.3 below.
- 2) New homes must comply with current local health and safety standards and all applicable federal, state, and local building codes as evidenced by a building permit finalized by the City Building Division.
 - 3) When the Sponsor's Program utilizes Federal funds and if the housing unit was constructed prior to 1978 then the lead-based paint requirements of Section 3.2.C. will apply.
 - 4) A clear pest inspection report will be required for each housing unit. Smoke detectors will be installed if there are none in place. The Program Operator will encourage each homebuyer to secure a homeowner's warranty policy as part of the purchase of a resale housing unit.
 - 5) With the exception of 1) ii. above, upon completion of all work required by the Program Operator, Sponsor, appraiser, pest inspector and/or certified housing inspector, a final inspection will be conducted prior to close of escrow. The inspector will sign off on all required construction work assuring that each housing unit receiving Program assistance is in compliance with local codes and health and safety requirements at the time of purchase and prior to occupancy.
- B. Per Section 8208 of the State HOME regulations, no additional HOME assistance, including rehabilitation funds, may be provided during the period starting one year following the filing of the Project Completion Report through the end of the affordability period. Note – This does not apply to CDBG and CalHome assistance.

The HOME Affordability Period is as follows (amount does not include Activity Delivery Costs paid to the State Recipient by HCD):

| Amount of HOME Assistance | Period of Affordability in Years |
|---------------------------|----------------------------------|
| Under \$15,000 | 5 years |
| \$15,000 to \$40,000 | 10 years |
| Over \$40,000 | 15 years |

- C. **Lead-Based Paint Hazards:** All housing units built prior to 1978 for which HOME or CDBG funding is anticipated are subject to the requirements of this section 3.2.C. Such homes must undergo a visual assessment by a person who has taken HUD's online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk Assessor/Inspector. HOME and CDBG general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, these Programs may incorporate the costs into the calculation of Program assistance.

The following requirements must be met:

- 1) **Notification:** a) Prior to homebuyer's obligation to purchase a pre-1978 home, the Buyer will be given the most recent copy of and asked to read the EPA pamphlet "*Protect Your Family From Lead in Your Home*". (EPA 747-K-94-001). A signed receipt of the pamphlet will be kept in the Sponsor's homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment H).
 - 2) **Disclosure:** Prior to the homebuyer's obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment E), "Seller's Lead-based Paint Disclosure" notice must be provided by the seller to the homebuyer.
 - 3) **Inspections:** The Inspector shall conduct a "Visual Assessment" of all the dwelling unit's painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.
 - 4) **Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Operator shall obtain copies of the contractor's and workers' appropriate proof of LBP training, as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation.
- D. The Program Operator will: 1) confirm that the housing unit is within the eligible area, 2) will review each proposed housing unit to ensure that it meets all eligibility criteria

before funding, and 3) ensure a completed Lead Compliance Document Checklist is placed in each purchaser's file (See Attachment I).

3.3. ACQUISITION WITH REHABILITATION PROCESS-HOME-funded jobs only

As noted above, when HOME funding is available for First-Time Homebuyer assistance, up to \$10,000 (from all sources) may be used to bring the unit into compliance with health and safety standards, and/or to correct code violations. If such repairs are required, a portion of this money may be used to make accessibility modifications for a household member with a disability. General property improvements are not allowed, but weatherization improvements are allowed, in conjunction with health and safety and/or code violation repairs when funding is available.

No later than six (6) months following close of escrow, repairs to the housing unit must address ALL health and safety and code issues, to be in compliance with HOME regulations; otherwise, the loan becomes due and payable.

If a portion of the Program loan is used for acquisition with rehabilitation, the following process will be followed:

- A. The buyer will be responsible for obtaining three (3) bids from qualified licensed contractors. The Sponsor's Program Operator has a list of qualified contractors, or the applicant may solicit bids from other licensed contractors if they meet the standards described below.
- B. Any funds used for rehabilitation on homes built prior to 1978 will require testing for lead based paint. If the total rehabilitation funds are equal to or less than \$5,000, all surfaces disturbed during rehabilitation and lead hazard reduction must be repaired using safe work practices. If total rehabilitation is between \$5,000 and \$10,000, lead based paint must either be presumed to be present or testing and risk assessment are required. Lead hazard reduction activities must be conducted using safe work practices. The Sponsor will provide a grant to cover all expenses incurred as a result of lead-based paint as noted in Section 3.2.C above, but total rehabilitation, including this grant, may not exceed \$10,000.
- C. Contractors must hold a current and valid State of California General Contractor's license if the work consists of correction of health and safety issues or code violations. For accessibility modifications, the Sponsor may exercise discretion regarding contractors' requirements. The contractor may not be on the State or Federal debarred contractor lists. The contractor must have current and valid general liability and workmen's compensation insurance if applicable. The contractor must provide a one-year warranty for the work per State regulations.
- D. The buyer will review the bids with the Program Operator and the Sponsor to ensure that the scope of work will correct any deficiencies, that it only includes allowable expenses and that the bids are reasonable, competitive and complete.

- E. The applicant will select a contractor from one of the Sponsor's/Program Operator's approved bids. All bidding contractors will be notified of the status of their proposals.
- F. The applicant will enter into a contract with the contractor selected (see Attachment J).
- G. The contractor will be responsible for securing all required permits for the scope of work.
- H. Work may not commence until the close of the acquisition loan.
- I. As work progresses, the contractor shall provide the buyer with a completed Payment and Construction Approval form (Attachment K) to request progress payments as outlined in the contract terms. The form must be signed by the contractor, the buyer, and the Program Operator before a payment may be issued to the contractor.
- J. Final payment of a 10% retention will be released to contractor once the contractor submits the following to the Program Operator: (1) lien releases from any subcontractors, material suppliers, and laborers; (2) final or signed off Building Inspection card for contracted work (if applicable); and (3) Notice of Completion.

3.4. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Eligible homes will be those that are currently owner-occupied or have been vacant for three months prior to the acceptance of a contract to purchase. A unit is ineligible if its purchase would result in the displacement of a tenant. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However, if tenant-occupied homes are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with Sponsor's relocation plan, which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws.

A. Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or Program for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

B. Section 104(d) of the Housing and Community Development Act of 1974

Section 104(d) requires each contractor (CHDO or State Recipient), as a condition of receiving assistance under HOME or CDBG, to certify that it is following a residential

anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME or CDBG assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

3.5. PROPER NOTIFICATION AND DISCLOSURES

- A. Upon selection of a housing unit, a qualified seller and homebuyer will be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller.
- B. All owners who wish to sell their housing units must receive an acquisition notice (Attachment F) prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B. (required for federally-funded Programs).

4.0. PURCHASE PRICE LIMITS

The purchase price limits and appraised value after any rehabilitation for this Program shall not exceed the Maximum HOME Program Purchase Price/After-Rehab Value Limit for Sponsor's County as updated by HCD or HUD.

Note: For HOME- and CalHome-funded Programs the home purchase price of owner-occupied and homebuyer properties must be limited as follows: For CalHome-funded Programs, the maximum allowable sales price or the maximum after-rehab value of a home shall be set at 100% of the current median sales price of a single family home in the county in which the CalHome Program is located; for HOME-funded Programs the value (with or without rehabilitation) cannot exceed 95 percent of the area median purchase price as established by HCD and HUD.

Attachment C: MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMITS

*Sponsor will update these limits annually as HCD provides new information.

5.0. THE PRIMARY LOAN

Prior to obtaining a loan from the Sponsor, a homebuyer must provide evidence of financing for the maximum amount the Primary Lender is willing to loan (the "primary loan").

5.1. QUALIFYING RATIOS

The front-end (housing) debt-to-income ratio shall be between 25% and 35% and is the percentage of a borrower's gross monthly income (before deductions) that would cover the cost of the loan principal and interest payment, property taxes, property insurance, mortgage insurance, and HOA dues, if any.

The back-end (total) debt-to-income ratio shall be between 25% and 42% and is the

percentage of a borrower's gross monthly income that would cover the cost of housing as described in the paragraph above, plus any other monthly debt payments like car or personal loans and credit card debt, as well as child support and alimony payments. *Note: Qualifying ratio guidelines can be somewhat flexible depending on the loan-to-value ratios. The higher the LTV, the more conservative the ratios should be. A qualifying ratio higher than the guidelines may be acceptable if there are compensating factors. Some examples of compensating factors are: 1) the prospective homebuyer has successfully demonstrated that over a minimum 12-month period the ability to pay housing costs equal to or greater than the proposed monthly housing costs for the home to be purchased; 2) the prospective homebuyer is a limited user of credit and they show a history of being able to save money; 3) there will be no more than a 5% increase in the prospective homebuyer's housing expense. These exceptions will be approved by the Sponsor's loan committee and documented for the file.*

5.2. INTEREST RATE

The primary loan must have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA. No temporary interest rate buy-downs are permitted.

5.3. LOAN TYPE AND TERM

The primary loan shall be fully amortized and have a term "all due and payable" in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan.

5.4. IMPOUND ACCOUNT

All households will be required to have impound accounts for the payment of taxes and insurance to ensure they remain current.

6.0. THE PROGRAM LOAN

6.1. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

The amount of Program assistance to a homebuyer toward purchase of a home shall not exceed the maximum HOME subsidy limit for Sponsor's County per bedroom as designated by Section 221(d)(3) and shall never exceed more than 49% of the total indebtedness, regardless of source of funds. The amount of the HOME loan may not exceed the amount of the primary mortgage. **See Attachment C.** Any approved "grant" amount for lead-based paint evaluation and reduction activities or for relocation assistance (for HOME-funded jobs only), as well as activity delivery, shall be included in this amount, but will not be a part of the loan. For Programs funded with CalHome funds from 2008 or later, the maximum assistance to a homebuyer toward purchase of a home will not exceed \$60,000, which includes activity delivery.

6.2. NON-RECURRING CLOSING COSTS

Non-recurring costs such as credit report, escrow, closing and recording fees, title report and title insurance, title updates and/or related costs may be included in the Program loan.

6.3. AFFORDABILITY PARAMETERS FOR HOMEBUYERS

The actual amount of a buyer's Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.1. Each borrower shall receive only the subsidy needed to allow them to become homeowners ("the Gap") while keeping their housing costs affordable. The Program Operator will use the "front-end ratio" of housing-expense-to-income to determine if the amount of the proposed primary loan is acceptable and, ultimately, the Program subsidy amount required, bridging the gap between the acquisition cost (purchase price plus non-recurring closing costs) less down payment, and the amount of the primary loan.

6.4. RATE AND TERMS FOR PROGRAM LOANS

All Program assistance to individual households shall be made in the form of deferred payment (interest and principal) loan (DPL).

For HOME and CDBG, the Program loan's term shall be for as long as the primary loan, plus 15 years. For CalHome, the Program loan's term shall be for 30 years. The interest rate shall be 0% simple interest. All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan. For HOME and CDBG, loan principal shall not be forgiven (unless allowed by statute, for CalHome), and the loan period cannot be extended except for loans that are resubordinated when a rate and term refinance is approved, per Attachment D.

Note – If it is determined by the Sponsor that repayment of a CalHome Program loan at the maturity date causes a hardship to the homeowner, the Sponsor may opt the following:

- A. Amend the note and deed of trust to defer repayment of the amount due at maturity, that is balance of the original principal plus the accrued interest, for up to an additional 30 years (at 0% additional interest). This may be offered one time, or;
- B. Convert the debt at loan maturity; that is the balance of the original principal plus any accrued interest, to an amortized loan, repayable in 15 years at 0% additional interest.

6.5. COMBINED LOAN-TO-VALUE RATIO

For CalHome, the loan-to-value ratio for a Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price, plus a maximum of up to 5 percent of the sales price, to cover actual, non-recurring closing costs.

For HOME and CDBG, the loan-to-value ratio for a Program loan, when combined with all

other indebtedness to be secured by the property, shall not exceed 100 percent of the appraised value of the property, plus a maximum of up to 5 percent of the sales price, to cover actual, non-recurring closing costs.

7.0. PROGRAM LOAN REPAYMENT

7.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time, without penalty.

7.2. RECEIVING LOAN PAYMENTS

A. Program loan payments will be made to:

City of Farmersville
909 West Visalia Road
Farmersville, CA 93223

B. The Sponsor will be the receiver of loan payments or recaptured funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the Sponsor's Program Income Account, as required by HCD Programs. The Program lender will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the Sponsor. The Sponsor may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

7.3. DUE UPON SALE OR TRANSFER

In the event that an owner sells, transfers title, or discontinues residence in the purchased property for any reason, the principal balance of the DPL is due and payable, except:

A. For CalHome, loans are not assumable. The following transfers of interest shall not require the repayment of the CalHome Program loan:

- 1) transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
- 2) a transfer, in which the transferee is a person who occupies or will occupy the property, which is:
 - a) a transfer where the spouse becomes an owner of the property;
 - b) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
 - c) a transfer into an inter vivos trust in which the borrower is and remains the beneficiary and occupant of the property.

B. For HOME and CDBG, if the owner of the property dies, and the heir to the property

meets income requirements, the First-Time Homebuyer definition, and intends to occupy the home as a principal residence, the heir may be permitted, upon approval of the Sponsor, to assume the loan at the rate and terms the heir qualifies for under the current participation guidelines. If the property owner dies and the heir does not meet eligibility requirements, the loan is due and payable.

- C. If an owner wants to convert the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.
- D. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment D on loan defaults for further information on property restrictions.

7.4. LOAN SERVICING POLICIES AND PROCEDURES

See Attachment D for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

7.5. LOAN MONITORING PROCEDURES

Sponsor or their designated Loan Servicing Agent will annually monitor and certify in the loan file that the Borrower and their housing unit are adhering to Program requirements including, but not limited to, the following:

- A. Owner-occupancy
- B. Property tax payment
- C. Hazard insurance coverage
- D. Good standing on Primary loans
- E. General upkeep of housing units

8.0. PROGRAM LOAN PROCESSING AND APPROVAL

A. Loan Processing

All homebuyers or their representatives will be sent out an eligibility packet with all the necessary forms, disclosures, information, and application. They should submit a complete application packet with all the Sponsor's Program loan documents executed as well as all the information from the Primary Lender. The Primary Lender should submit: 1) accepted property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; 4) current third party income verifications and verifications of assets; 5) homeownership education certificate, if applicable; and 6) signed underwriting transmittal summary and final signed loan application, both from primary lender. Staff will work with local lenders to ensure qualified participants receive only the benefit from the Sponsor's Program needed to purchase the housing unit and that leveraged funds will be used when possible, for example, in many cases the Primary Lender will not require mortgage insurance

with the Sponsor's second in place which will save on the homebuyer's monthly payment.

B. Creditworthiness

Qualifying ratios are only a rough guideline in determining a potential borrower's creditworthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of loan will influence the decision to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the Sponsor and documentation of such maintained in the loan file. The Sponsor may elect to obtain a credit report or rely on a current copy obtained by the primary lender.

C. Documents from Primary Lender

After initial review of the qualified homebuyer's application packet, the Program Operator will request any additional documents needed. Documents may be faxed, but originals shall be received through the mail before Program funds are committed to escrow. Based on receipt and review of the final documents, the Program Operator will do an income certification (using most recent HCD Program's guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability will then be verified and subsidy requirement determined.

D. Disclosure of Program and Loan Information to Homebuyers

The Program's application and disclosure forms will contain a summary of the loan qualifications of the borrower with and without Program assistance. Housing ratios with and without Program assistance are also outlined in these guidelines. Information on the Program's application will be documented with third party verifications in the file. For example, the sales contract will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application will provide current debt and housing information and will be documented by the credit report and income/asset verifications. The Primary Lender's approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the Primary Lender's loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan. By reviewing and crosschecking all the Primary Lender information, the final Program loan amount approved will fall within the affordability parameters of the Program.

8.1. COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN

Once the loan approval package has been completed the Program Operator will submit it to the Sponsor for approval. Sponsor will review the request and may approve it with or without conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.

8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING

The homebuyer(s) sign promissory notes, loan agreements, deeds of trust, and statutory lending notices (Truth In Lending (TIL), etc.); the Deeds of Trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for copy of Notice of Default are also recorded with the County Clerk/Recorder.

8.3. ESCROW PROCEDURES

The escrow/title company shall review the escrow instruction provided by the Program lender and shall issue a California Land Title Association (CLTA) and the American Land Title Association (ALTA) after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA is issued to each lender providing additional coverage for the physical aspects of the property as well as the homebuyer's title failure. These aspects include anything which can be determined by only physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Program lender instructs the escrow/title company in the escrow instructions as to what may show on the policy; the amount of insurance on the policy (all liens should be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

9.0. SUBORDINATE FINANCING

With today's high costs, in order for a low-income household to obtain a home, several funding sources might be required. Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program loan.

10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

The Sponsor may make amendments to these Participation Guidelines. Any changes shall be made in accordance with regulations and approved by the Sponsor's Loan Committee and/or governing body. Changes shall then be sent to HCD for approval.

10.1. DEFINITION OF EXCEPTION

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would be an exception.

10.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

- A. The Sponsor or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Sponsor's recommended course of action and any written or verbal information supplied by the applicant.

- B. The Sponsor shall make a determination of the exception based on the recommendation of the Program Operator. The request can be presented to the Sponsor's loan committee and/or governing body for a decision.

11.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the Sponsor. The Sponsor will then schedule a meeting with the Loan Review Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the Sponsor's governing body. Final appeal must be filed in writing with HCD within one year after denial.

ATTACHMENT A

24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS-FOR HOME & CDBG

Part 5 Inclusions

This table presents the Part 5 income inclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

| General Category | (Last Modified: January 2005) |
|--|---|
| 1. Income from wages, salaries, tips, etc. | The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services. |
| 2. Business Income | The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family. |
| 3. Interest & Dividend Income | Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. |
| 4. Retirement & Insurance Income | The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except for certain exclusions, listed in Income Exclusions, number 14). |
| 5. Unemployment & Disability Income | Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, listed in Income Exclusions, number 3). |
| 6. Welfare Assistance | <p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus: • the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage. |
| 7. Alimony, Child Support, & Gift Income | Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling. |
| 8. Armed Forces Income | All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions). |

Part 5 exclusions

This table presents the Part 5 income exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

| General Category | (Last Modified: January 2005) |
|-------------------------------------|---|
| 1. Income of Children | Income from employment of children (including foster children) under the age of 18 years. |
| 2. Foster Care Payments | Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone). |
| 3. Inheritance and Insurance Income | Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except for certain exclusions, listed in Income Inclusions, number 5). |
| 4. Medical Expense Reimbursements | Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member. |
| 5. Income of Live-in Aides | Income of a live-in aide (as defined in 24 CFR 5.403). |
| 6. Income from a Disabled Member | Certain increase in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671 (a)). |
| 7. Student Financial Aid | The full amount of student financial assistance paid directly to the student or to the educational institution. |
| 8. "Hostile Fire" Pay | The special pay to a family member serving in the Armed Forces who is exposed to hostile fire. |
| 9. Self-Sufficiency Program Income | <ul style="list-style-type: none"> a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time. e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program. |
| 10. Gifts | Temporary, nonrecurring, or sporadic income (including gifts). |
| 11. Reparation Payments | Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. |
| 12. Income from Full-time Students | Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse). |
| 13. Adoption Assistance Payments | Adoption assistance payments in excess of \$480 per adopted child. |
| 14. Social Security & SSI Income | Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts. |
| 15. Property Tax Refunds | Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit. |
| 16. Home Care Assistance | Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home. |
| 17. Other Federal Exclusions | <p>Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:</p> <ul style="list-style-type: none"> ▶ The value of the allotment provided to an eligible household under the Food Stamp Act of 1977; |

- ▶ Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- ▶ Payments received under the Alaskan Native Claims Settlement Act;
- ▶ Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
- ▶ Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;
- ▶ Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program.
- ▶ Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- ▶ The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;
- ▶ Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the federal work-study program or under the Bureau of Indian Affairs student assistance programs;
- ▶ Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- ▶ Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- ▶ Earned income tax credit refund payments received on or after January 1, 1991, (including advanced earned income credit payments);
- ▶ The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
- ▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps).
- ▶ Payments by the Indians Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- ▶ Allowances, earnings, and payments to AmeriCorps participants under the National and Community Services Act of 1990;
- ▶ Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- ▶ Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and
- ▶ Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

ATTACHMENT A-1

Title 25 Section 6914 Gross Income Inclusions – For CalHome activities

“Gross income” shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income.

“Income” shall consist of the following:

- (a) Except as provided in subdivision (b), “Exclusions”, all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:
 - (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
 - (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
 - (3) Interest and dividends;
 - (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
 - (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay;
 - (6) Public Assistance. If the public assistance payment includes any amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
 - (7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts from persons not residing in the dwelling;

All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse.

Title 25 Section 6914 Gross Income Exclusions

- (b) The following items shall not be considered as income:
- (1) Casual, sporadic or irregular gift items;
 - (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
 - (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
 - (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
 - (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
 - (6) Relocation payments made pursuant to federal, state, or local relocation law;
 - (7) Foster child care payments;
 - (8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is an excess of the amount actually charged the eligible household;
 - (9) Payments received pursuant to participation of the following volunteer programs under the ACTION Agency:
 - (A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (B) National Older American Volunteer Program for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

ATTACHMENT B

PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS

This table presents the Part 5 asset inclusions and exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

Statements from 24 CFR Part 5 – Last Modified: January 2005

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

ATTACHMENT C

HOME MAXIMUM PURCHASE PRICE / AFTER-REHAB VALUE LIMIT

HOME Program Limits as of 4/13/15

| COUNTY NAME | Existing | Newly Constructed (less than 12 months old) |
|-------------|-----------|---|
| TULARE | \$173,000 | \$213,000 |

CALHOME MAXIMUM SALES PRICE / VALUE LIMIT

For homes assisted with a CalHome Program loan, the maximum allowable sales price or the maximum after-rehab value of a home shall be set at 100% of the current median sales price of a single family home in the County in which the CalHome Program is located. The source of the data for the maximum sales price/value limits that will be used will be the FHA 203(b) one-family limits.

HOME SUBSIDY LIMITS PER UNIT – SECTION 221(d)(3) FOR TULARE COUNTY

(Limits are effective as of 5/8/12)

| COUNTY NAME | 0 Bedroom | 1-Bedroom | 2-Bedroom | 3-Bedroom | 4-Bedroom |
|-------------|-----------|-----------|-----------|-----------|-----------|
| TULARE | \$121,745 | \$139,563 | \$169,708 | \$219,546 | \$240,994 |

CURRENT INCOME LIMITS FOR THE AREA (FOR CDBG/HOME)

(Limits are effective as of 5/1/14)

| <i>Number of Persons in Household</i> | | | | | | | | |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 80% of AMI | \$30,650 | \$35,000 | \$39,400 | \$43,750 | \$47,250 | \$50,750 | \$54,250 | \$57,750 |

CURRENT INCOME LIMITS FOR THE AREA (FOR CALHOME)

(Limits are effective as of 2/28/14)

| <i>Number of Persons in Household</i> | | | | | | | | |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 80% of AMI | \$32,450 | \$37,050 | \$41,700 | \$46,300 | \$50,050 | \$53,750 | \$57,450 | \$61,150 |

*Sponsor will insert the limits for the county in which the Program is located, and will update the income limits annually as HCD provides new information. The link to the official, HCD-maintained, income limits is:

<http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>

ATTACHMENT D

LOAN SERVICING POLICIES AND PROCEDURES FOR THE CITY OF FARMERSVILLE

The City of Farmersville, hereafter called "Sponsor," has adopted these policies and procedures in order to preserve its financial interest in properties whose "Borrowers" have been assisted with public funds. The Sponsor will, to the greatest extent possible, follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Sponsor has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions that are associated with them.

The Sponsor may, at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program. For CalHome, the Sponsor must obtain prior approval from HCD and must provide HCD a copy of the contract.

The policies and procedures are broken down into the following areas: 1) making required monthly payments or voluntary payments on a loan's principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan; 8) the Sponsor as Senior Lienholder; and 9) processing of demands and payoffs.

1. Loan Repayments:

The Sponsor will collect monthly payments from those borrowers who are obligated to do so under Notes that are amortized promissory notes. Late fees will be charged for payments received after the assigned monthly due date.

For Notes that are deferred payment loans, the Sponsor must accept voluntary payments on the loan. Loan payments will be credited to principal. The borrower may repay the loan balance at any time with no penalty.

At time of completion, the funds expended on a housing unit will be compared to the Note amount. Any funds not expended at completion will be considered a "principal reduction" and will be applied to the principal loan balance thereby lowering the amount owed by the borrower. Borrowers will receive a closeout letter after the 30-day retention period indicating the amount of their Note, the credit, and the ending balance on their loan. A copy of this credit along with the final cost break-down will be retained in the borrowers file.

The State HOME Program "HOME" has selected the Recapture option of ensuring the affordability of housing acquired by HOME-assisted homebuyers.

There is no affordability period in the Sponsor's Housing Rehabilitation Program; therefore, all payments and payoffs received are Program Income.

Recaptured funds and Program Income do not have to be expended on the same type of activity as that from which the funds were generated, but they are required to be expended on other HOME activities before any new HOME funds can be drawn down from the Treasury (24 CFR 504(c)(viii)).

Per Section 8208 of the State HOME regulations, no additional HOME assistance, including rehabilitation funds, may be provided during the period starting one year following the filing of the Project Completion Report through the end of the affordability period. Note – This does not apply to CDBG and CalHome assistance.

For HOME-assisted loans approved by the Sponsor under the First-Time Homebuyer Program, the HOME Affordability Period is as follows (amount does not include Activity Delivery Costs paid to the State Recipient by HCD):

| Amount of HOME Assistance | Period of Affordability in Years |
|---------------------------|----------------------------------|
| Under \$15,000 | 5 years |
| \$15,000 to \$40,000 | 10 years |
| Over \$40,000 | 15 years |

2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Sponsor as loss payee in first position or additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the Sponsor may take out force placed insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower's new insurance.

When a property is located in a 100-year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance naming the Sponsor as additional insured will be required at close of escrow. The Sponsor must verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes, the Sponsor may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the Sponsor encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Sponsor's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Sponsor's loan. This document requires any senior lienholder listed in the notice to notify the Sponsor of initiation of a foreclosure action. The Sponsor will then have time to contact the Borrower and assist them in bringing the first loan current, if possible. The Sponsor can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can

be made whole or preserved. When the Sponsor is in a third position and receives notification of foreclosure from only one senior lienholder, it is in their best interest to contact any other senior lienholders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

On some owner-occupant loans, the Sponsor will require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. Other loans may have income and housing cost evaluations, which require a household to document that they are not able to make repayments, typically every five years. These loan terms are incorporated in the original Note and Deed of Trust.

Continued residency is monitored annually for the term of the loan. Occupancy will be verified, reviewed and certified by the submission of the following:

- A. Proof of occupancy in the form of a copy of a current utility bill; and
- B. Statement of unit's continued use as primary residence of the owner.
- C. Declaration that other title holders do not reside on the premises;
- D. Verification that Property Taxes are current; and
- E. Verification of current required insurance policies.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Sponsor in writing of any change. Sponsor, or its designated Loan Servicing Agent, and borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low-income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Sponsor. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI). Note – CalHome loans are not assumable.

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Sponsor's Loan Committee (depends on the HCD Program). Note – CalHome loans are not assumable.

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and

household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. If the heir intends to act as an owner-investor, and the loan was funded with CDBG funds, the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Sponsor's Loan Committee. Note – CalHome loans are not assumable.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Sponsor allow for a partial conversion where some of the residence is used for a business but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

For CalHome, the following transfers of interest shall not require the repayment of the CalHome Program loan:

- A. transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
- B. a transfer, in which the transferee is a person who occupies or will occupy the property, which is:
 - 1) a transfer where the spouse becomes an owner of the property;
 - 2) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
 - 3) a transfer into an inter vivos trust in which the borrower is and remains the beneficiary and occupant of the property.

6. Requests for Subordinations:

When a Borrower wishes to refinance their existing first mortgage, they must submit a subordination request to the Sponsor. The Sponsor will subordinate their loan only when there is no "cash out" as part of the refinance. No cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt payoffs or additional encumbrances on the property above traditional refinance transaction costs. The refinance should lower the existing housing cost of the household. The total indebtedness on the property should not exceed the current market value except when the borrower is obtaining a HARP II or other similar federally approved refinance loan. If the HARP II or other similar financing is approved and meets all other requirements, combined Loan-To-Value will not be considered when reviewing the subordination request.

Also, the loan must:

- A. be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA;
- B. not have a temporary interest rate buy-down;
- C. have a term "all due and payable" that matures prior to or concurrently with the maturity date of the Promissory Note. Therefore, the maturity date of the existing Promissory Note should be modified to coincide with the maturity date of the new first mortgage; and,
- D. not have a balloon payment due before the maturity date of the Program loan.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Sponsor.

7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non-payment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; or 4) default on senior loans; the Sponsor, or its designated Loan Servicing Agent, will send out a letter to the Borrower notifying them of the default situation. If the default situation continues, the Sponsor may start a formal process of foreclosure.

When a senior lienholder starts a foreclosure process and the Sponsor is notified via a Request for Notice of Default, the Sponsor, who is the junior lienholder, may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount or payoff amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges and fees to date. Sponsor must confer with Borrower to determine if, upon paying the senior lienholder current, the Borrower can provide future payments. If this is the case, then the Sponsor may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Sponsor determines, based on information on the reinstatement amount and status of borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lienholder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Sponsor does not have sufficient funds to pay the senior lienholder in full, then they may choose to cure the senior lienholder and foreclose on the property themselves. As long as there is sufficient value in the property, the Sponsor can afford to pay for the foreclosure process and pay off the senior lienholder and retain some or all of their investment.

If the Sponsor decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Sponsor fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Sponsor determines the reinstatement and maintenance of the property not to be

cost effective and allows the senior lienholder to complete foreclosure, the Sponsor's lien may be eliminated due to insufficient sales proceeds.

8. Sponsor as Senior Lienholder

When the Sponsor is first position as a senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Sponsor may consider foreclosure. Sponsor's staff will consider the following factors before initiating foreclosure:

- A. Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- B. Can the Borrower refinance with a private lender and pay off the Sponsor?
- C. Can the Borrower sell the property and pay off the Sponsor?
- D. Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- E. Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Sponsor may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Sponsor to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Sponsor should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Sponsor of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Sponsor informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Sponsor could sell the home themselves under a homebuyer Program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Sponsor could contract with a local real estate broker to list and sell the home and use those funds for Program income-eligible uses.

9. Process Demands and Payoffs:

Requests for demands and payoffs will be processed within the timeframe allowed by law. Sponsor or its designated Loan Servicing Agent is proficient in performing the related calculations. Reconveyance and lien releases would be prepared for processing by a qualified Title Company.

ATTACHMENT E
SELLERS LEAD-BASED PAINT DISCLOSURE

**Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
Lead Warning Statement**

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
- (i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain). _____
- (ii) _____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the seller (check (i) or (ii) below):
- (i) _____ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below). _____
- (ii) _____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

- (c) _____ Purchaser has received copies of all information listed above.
- (d) _____ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.
- (e) _____ Purchaser has received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

- (f) _____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Seller Date

Seller Date

Purchaser Date

Purchaser Date

Agent Date

Agent Date

ATTACHMENT F

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer

DECLARATION

This is to inform you that _____ would like to purchase the property, located at _____, if a satisfactory agreement can be reached. We are prepared to pay \$_____ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____, thru the agency, _____ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor _____ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$_____ and was estimated by _____, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at:

_____. If you have any questions about this matter, please contact _____ at _____.

Sincerely,

Title

Buyer

Date

Buyer

Date

Form continues on next page with Seller's Acknowledgment

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer (Page 2)

Acknowledgement

As the Seller I/we understand that the _____ will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the Sponsor's Program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant at least 3 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

I/we hereby certify that I have read and understand this "Declaration" and ☐ a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose ☐ to withdraw or ☐ not to withdraw, from the Purchase Agreement.

Seller

Date

Seller

Date

ATTACHMENT G

CITY OF FARMERSVILLE INSTRUCTIONS TO HOMEBUYER

1. Persons interested in purchasing a home should contact the Program Operator's Homebuyer Counseling and Education (HCE) Department at 559-802-1672 to enroll in education classes, and if needed or required by the Program, also enroll in an individual counseling session. Upon completion of eight (8) hours of homebuyer education, the HCE Department will issue certificates of completion to the participants.
2. Participant should then contact the Program Operator's First-Time Homebuyer Loan Processor at 559-802-1649 to verify funding availability. The participant's name is added to Sponsor's interest list if there is no funding available, or will be moved directly into the workload.
3. Participant will select a Mortgage Company (primary lender) of his or her choice to determine financing eligibility. Upon successful prequalification with a primary lender, primary lender will submit a complete loan application package to Program Operator for review. This package must be submitted along with a completed Submission Form and Lender Cover Letter provided by the Program Operator via the Program Operator's website. Items to be included are proof of income, credit history, and household size.
4. During the financing and Program eligibility review by Program Operator, household size, income, and Sponsor loan amount are determined. Prior to issuance of the prequalification letter to the family, the following must occur:
 - a. Application package must be reviewed and signed by Program Operator
 - b. Application package must be reviewed and signed by Sponsor

Upon completion by all parties, Program Operator will issue a prequalification letter to the participant and primary lender on behalf of the Sponsor. Program Operator will contact or meet with qualified applicant to provide information relative to Program requirements and the lending process. In addition, Program Operator will issue a condition list to both parties requesting additional income and asset documentation, including verification of employment and all income sources.

5. Participant works with Licensed Real Estate broker to find a property. Properties are subject to the following requirements:
 - a. HOME properties must meet the modest housing standard of 3 bedrooms/2 bathrooms, unless extenuating circumstances justify more to be approved
 - b. Properties must be located within the Sponsor's eligible area (Program Operator will verify)
 - c. Properties must meet maximum sales price limits, as applicable
 - d. Properties must be owner-occupied or vacant for at least three (3) months

Upon approval of the individual properties by the Sponsor, applicant will submit an offer and, once accepted, forward copies to Program Operator for review.

6. Applicant will work with primary lender to provide Program Operator all terms on the conditions list. The items include, but are not limited to:
 - a. Income documentation (paystubs, tax returns, child support, etc.)
 - b. Asset documents (bank statements, 401K, etc.)
 - c. Property information (appraisal with photos, preliminary title report, termite report and clearance, etc.)
 - d. Real Estate Sales Contract (contingent upon receiving Program loan approval)
 - e. Residential loan application and credit report, paystubs, tax returns and W-2's, and all verifications of employment and rent
 - f. Disclosure statement
7. Program Operator, upon receipt of appraisal, will order a home inspection to be completed by the Program Operator, a certified housing inspector, or a Sponsor representative. Home inspections will document health & safety and code compliance as well as conduct Lead-Based Paint Inspections. Seller must correct all deficiencies prior to the close of escrow.
8. Upon receipt of all conditions, Program Operator will prepare participant file for final loan approval with Sponsor. The primary lender should request the date of loan approval one week prior to the date of anticipated loan signing. At loan approval, Program Operator will present the application to Sponsor for review. Following loan approval, Program Operator will give loan documents to Sponsor for signatures. Loan documents are then forwarded to escrow company to coordinate loan signing.
9. Signed documents are returned to Program Operator for review. Upon review and confirmation of all conditions of final funding, Program Operator will wire funds to escrow.
10. Once loan is funded and recorded, escrow company provides a copy of all documents to Program Operator. Program Operator then closes out the loan file.

ATTACHMENT H LEAD-BASED PAINT

VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

| | | | |
|--|--|--------------------------------------|---|
| Section 1: Background Information | | | |
| Property Address: | | | No LBP found or LBP exempt <input type="checkbox"/> |
| Select one: | Visual Assessment <input type="checkbox"/> | Presumption <input type="checkbox"/> | Hazard Reduction <input type="checkbox"/> |

| | |
|--|--------------|
| Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed. | |
| Visual Assessment Date: | Report Date: |
| Check if no deteriorated paint found <input type="checkbox"/> | |
| Attachment A: Summary where deteriorated paint was found. | |

| | |
|--|--|
| Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption. | |
| Date of Presumption Notice: | |
| Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint <i>hazards</i> are presumed to be present <input type="checkbox"/> | |
| Attachment B: Summary of Presumption: | |

| | |
|---|---------------------------|
| Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed. | |
| Date of Hazard Reduction Notice: | |
| Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/> | Start & Completion Dates: |
| If "No", dates of previous Hazard Reduction Activity Notices: | |
| Attachment C: Activity locations and types. | |
| Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted. | |
| Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities) | |

| | | |
|--|------------|-------|
| Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity | | |
| Printed Name: | Signature: | Date: |

| | | |
|---------------------------------------|--------------------|---------------|
| Section 6: Contact Information | | Organization: |
| Contact Name: | Contact Signature: | |
| Date: | Address: | Phone: |

ATTACHMENT I

Homebuyer Program Lead Compliance Document Checklist

The following documents should be in each Homebuyer unit file to document compliance with the lead requirements:

| Document Name | Purpose | ✓ |
|---|---|---|
| Lead Safe Housing Rule Screening Sheet | Documents exemptions | |
| Physical inspection form (HQS or equivalent) | Documents visual assessment results | |
| Seller Certification | Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization | |
| Clearance Report and Clearance Review Worksheet | Documents that unit passed clearance | |
| Disclosure Form | Documents that buyer received disclosure and pamphlet. | |
| Lead Hazard Reduction Notice | Documents that buyer received required lead hazard reduction notification. | |

This was taken from the HUD Website at:

<http://www.hud.gov/offices/cpd/affordablehousing/training/leadsafe/usefulforms/index.cfm#crosscutting>

ATTACHMENT J

ACQUISITION WITH REHABILITATION CONSTRUCTION CONTRACT

Home Improvement Construction Contract

This Home Improvement Construction Contract is entered into this _____ day of _____, 20____, between the following parties: (Owner(s) Name): _____ and (Contractor's Name and Address): _____.
(Notice of Cancellation, see paragraph 28, may be sent to Contractor at the above address).

The parties agree as follows:

1. Work to be Performed: Contractor agrees to provide a Schedule of Work, in accordance with the Work Write-up (Attachment I) and furnish all supervision, technical personnel, labor, materials, tools and equipment necessary to complete the work described in the work write-up attached hereto at the real property commonly described as: _____. Contractor will be responsible for all construction means, methods, techniques, sequences and procedures and for the coordination of all portions of the work under the Contract. All materials shall be new, unless otherwise specified, and of good quality. Owner has a right to require the Contractor to have a performance and payment bond; the expense of the bond may be borne by the Owner.
2. Contract Price: Owner agrees to pay Contractor the sum of \$_____ for the work to be performed.
3. Completion Time:
 - a. Approximate Start Date: The Contractor agrees to file a complete permit application within ten (10) days after receipt of written Notice to Proceed from the Owner. Owner and Contractor agree that the Start Date of construction shall be the date the permits are issued by the Sponsor. In no event shall the Contractor commence work or place any materials on the site thereof prior to receipt of Notice to Proceed from the Owner.
 - b. Approximate Completion Date: Contractor shall prosecute the work diligently and continuously to completion. The work shall be completed within _____ days after the Start Date, subject to such delays as are permissible under paragraph 7 herein below.
4. Payment:
 - a. Price will be paid to Contractor in installments based on completion of work tasks and individual item prices on the Work Write-up attached, and any Change Orders.
 - b. Contractor shall submit all required payment forms to Owner for approval of payment. Prior to authorization of payment, the Contractor shall provide lien releases for claims by subcontractors, laborers, and material suppliers involved in the work and/or represented by Contractor's invoices. Owner may also request written guarantees and warranties.
 - c. After approval by Owner, Contractor shall submit payment request forms to Self-Help Enterprises, hereinafter referred to as "SHE." SHE shall then make payment to the Contractor. SHE may, at its option, inspect the work to ensure that it has been satisfactorily completed in accordance with the Contract requirements. Should SHE determine that work

has not been performed in accordance with the Contract, SHE may, in its sole discretion, withhold or reduce payment in accordance with the terms of the agreement between Owner and SHE.

- d. At the time the work is completed, the Contractor shall submit the final pay request along with the recorded Notice of Completion, final building inspection report, insulation certificate, any warranties and guarantees, conditional lien releases, and Section 3 report (for contracts over \$100,000).
- e. An amount equal to ten percent of the total Contract price, including any Change Orders, will be withheld by Owner and shall be paid to Contractor 35 days after notice of completion has been recorded, final inspection by the jurisdiction's building official and approval by Owner, provided that Contractor is not in default under this Contract. Final payment will be subject to withholding any amounts due to Owner for actual costs due to unexcused delays.
- f. The payment of any progress payment shall not constitute acceptance of defective work or improper material, nor is it a waiver of the warranties or any other remedies to which the Owner may be entitled under the terms of this Contract

5. Relationship of the Parties to SHE: Work to be performed under this Contract is financed by funds from the Sponsor and administered by SHE. Owner is solely responsible for monitoring all work performed under this Contract and enforcing the terms of this Contract. SHE shall inspect all work for the purposes of monitoring loan disbursements in accordance with terms of this Contract and enforcing the terms of the loan agreement. Inspections performed by SHE are solely for the protection of the lender and solely for the purpose of assuring that the construction is progressing reasonably and that the lender's collateral interest is adequately protected. Owner acknowledges that SHE's inspections are not for the purpose of assuring Contractor's compliance with applicable building codes. SHE shall not be liable under any circumstances for its failure to discover or require correction by Contractor of work that fails to comply with applicable building codes or for its failure to discover or require correction of any dangerous condition or defective work by contractor or by any subcontractor.

SHE shall not, under any circumstances, have any liability either to the Owner or to the Contractor for any disbursement or refusal to approve of any disbursement requested by Contractor.

6. Failure to Commence Work: Failure by the Contractor without lawful excuse to substantially commence work within 20 days from the date specified in the Notice to Proceed is a violation of the Contractors' License Law.
7. Excusable Delays: Contractor shall not be charged with delay in the completion of the work due to: any acts of Owner which cause delay; general strikes; acts of God or the public enemy; unavailability of materials, or casualty beyond Contractor's control, provided, however, that Contractor promptly (within 14 days) notifies Owner, in writing, of the cause of the delay. If the facts show the delays to be excusable under the terms of the Contract, the time for completion shall be extended for a period equal to the amount of time due to such delay.
8. Unexcused Delays: The parties agree that the Owner would incur additional expenses as a result of Contractor's unexcused delays in the completion of the work. "Additional expenses" shall include

but not be limited to housing and storage costs incurred by the owner due to the inability to fully occupy the property.

9. Provisions for the Owner: While this Contract is in force, Owner shall permit Contractor the use of existing utilities including light, heat, power, and water, without charge, in order to carry out and complete the work. Owner may continue to occupy the premises during the rehabilitation but shall cooperate with Contractor to facilitate the performance of the work including the abandonment of limited areas as may be essential to the conduct of the work.
10. Compliance with the Law: By signing this contract, the Contractor certifies that it is licensed and in good standing in California, and not listed on the Federal Consolidated List of Debarred, Suspended and Ineligible Contractors. Contractors are regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826. All work shall be completed in strict compliance with the laws, ordinances, rules, regulations and Codes of the State, County, and local governments, whether such applicable laws, ordinances, rules, regulations and codes are mentioned in this Contract or not. Contractor shall obtain, pay for, and provide permits and licenses, as required to complete all work outlined under this Contract.

Where applicable, Contractor agrees to the following provisions:

- a) Standard Contract Language, All Contracts and Subcontracts, pertaining to civil rights, HCD, age discrimination, rehabilitation acts assurance, etc. (see Attachment 2).
- b) By the statement below, Contractor hereby furnishes Owner with Contractor Notice in compliance with California Business and Professions Code Section 7159:

INFORMATION ABOUT THE CONTRACTORS' STATE LICENSE BOARD (CSLB)

CSLB is the state consumer protection agency that licenses and regulates construction contractors.

Contact CSLB for information about the licensed contractor you are considering including information about disclosable complaints, disciplinary actions and civil judgments that are reported to CSLB.

Use only licensed contractors. If you file a complaint against a licensed contractor within the legal deadline (usually four years), CSLB has authority to investigate the complaint. If you use an unlicensed contractor, CSLB may not be able to help you resolve your complaint. Your only remedy may be in civil court, and you may be liable for damages arising out of any injuries to the unlicensed contractor or the unlicensed contractor's employees.

For more information:

Visit CSLB's Web site at www.cslb.ca.gov

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Call CSLB at 800-321-CSLB (2752)

Write CSLB at P. O. Box 26000, Sacramento, CA 95826

c) The contractor hereby agrees to abide by the requirements of Executive Order 11246 and all implementing regulations of the Department of Labor.

11. Notice to Owner (see Attachment 3).

12. Required Insurance: Contractor shall obtain and keep in effect during the life of this contract, insurance in the following minimum amounts:

Worker's Compensation and Employer's Liability Insurance meeting the statutory requirements of the State of California.

Comprehensive General Liability and Property Damage Insurance with Combined Single Limits of at least \$1,000,000. This insurance shall be on an occurrence basis and shall protect the Contractor against liability arising from: Contractor's operations, operations by subcontractors, products, completed operations or professional liability where applicable and contractual liability assumed under the indemnity provisions above insured. Any Excavation, Collapse and Underground exclusions must be deleted when applicable to operations performed by the Contractor or his subcontractors.

An original certificate of such insurance shall be filed with SHE. Said certificate shall evidence coverage through the life of this Contract.

13. Safety to Public and Property: Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and Programs in connection with the work. In such, Contractor shall provide reasonable protection to prevent damage, injury, and loss to: all employees on the work, all work and materials and equipment to be incorporated therein and other property at the site or adjacent thereto, including trees, shrubs, lawns, pavements, structures, and utilities not designated for removal or replacement under the terms of this Contract.

14. Hold Harmless: With the exception that this Section shall in no event be construed to require indemnification by Contractor to a greater extent than permitted under the public policy of the State of California, Contractor shall indemnify and save harmless Owner and SHE, including their officers, agents, employees, affiliates, parents and subsidiaries, and each of them, of and from any and all claims, demands, causes of action, damages, costs, expenses, actual attorneys fees, losses or liability, in law or in equity, of every kind and nature whatsoever ("Claims") arising out of or in connection with Contractor's operations to be performed under this Agreement for, but not limited to:

a. Personal injury, including, but not limited to, bodily injury, emotional injury, sickness or disease, or death to persons, including, but not limited to any employees or agents of Owner, SHE, or any other subcontractor and/or damage to property of anyone (including loss of use thereof), caused or alleged to be caused in whole or in part by any negligent act or omission of Contractor or anyone directly or indirectly employed by Contractor or anyone for whose

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act Contractor may be liable regardless of whether such injury or damage is caused by a party indemnified hereunder.

- b. Penalties imposed on account of the violation of any law, order, citation, rule, regulation, standard, ordinance, or statute, caused by the action or inaction of Contractor.
- c. Infringement of any patent rights which may be brought against SHE or Owner arising out of Contractor's work.
- d. Claims and liens for labor performed or materials used or furnished to be used on the job, including all incidental or consequential damages resulting to SHE or Owner from such claims or liens.
- e. Contractor's failure to fulfill the covenants set forth in collective bargaining agreement, wage order or any other agreement or regulation concerning labor relations.
- f. Failure of Contractor to provide Casualty Insurance.
- g. Any violation or infraction by Contractor of any law, order, citation, rule, regulation, standard, ordinance or statute in any way relating to the occupational health or safety of employees, including, but not limited to, the use of SHE's or other's equipment, hoist, elevators, or scaffolds. The indemnification provisions of (a) through (g) above shall extend to Claims occurring after this Agreement is terminated as well as while it is in force. Such indemnity provisions apply regardless of any active and/or passive negligent act or omission of Owner or SHE or their agents or employees. Contractor, however, shall not be obligated under this Agreement to indemnify Owner or SHE for Claims arising from the sole negligence or willful misconduct of Owner or SHE or their agents, employees or independent contractors who are directly responsible to Owner or SHE, or for defects in design furnished by such persons.
- h. Contractor shall:
 - 1) At Contractor's own costs, expense and risk, defend any claims that may be brought or instituted by third persons, including but not limited to, governmental agencies or employees of Contractor, against SHE or Owner or their agents or employees or any of them;
 - 2) Pay and satisfy any judgment or decree that may be rendered against SHE or Owner or their agents or employees, or by any of them, arising out of any such Claim; and/or
 - 3) Reimburse SHE or Owner or their agents or employees for any and all legal expense incurred by any of them in connection herewith or in enforcing the indemnity granted in this Section.
- i. All work covered by this Agreement done at the site or in preparing or delivering materials or equipment, or any or all of them, to the site shall be at the risk of Contractor exclusively until the completed work is accepted by SHE.
- j. The indemnities set forth in this Section shall not be limited by any insurance requirements set forth elsewhere within this agreement.

15. Assignment: Contractor shall not assign or transfer any right or obligation under this Contract without first obtaining the written consent of Owner. Any attempted assignment by Contractor shall be void.

16. Changes in Work to be Performed: No changes shall be made in the work, Contract price or Contract time for completion of work, except by written change order. The change order shall bear the signatures of the parties to this Contract and approved (by signature) as to propriety with funding requirements by SHE. No claim for an adjustment of Contract work, price or time will be

valid unless so ordered. Payment for change orders that bear additional cost shall be made in accordance with paragraph 4, above.

17. Guarantees and Material Warranties: All labor, materials and installation shall be guaranteed for a period of one year from the date of final acceptance by Owner, when subjected to normal use and care, and provided Owner has complied, in full, with the terms and payments and other conditions of this Contract. Upon written notice from Owner, Contractor shall repair or remedy any defect in materials and workmanship within the one-year period specified. Contractor shall furnish Owner with and assign to Owner all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment furnished under this Contract.
18. Surplus Materials and Clean-up of Premises: All materials and equipment removed and not reused as a condition of this Contract shall remain or become the property of Owner, unless otherwise so stated in writing. All surplus materials as well as all rubbish and construction debris resulting from construction activities shall be removed promptly from the job site by Contractor. Upon completion of the work, Contractor shall leave the building and premises in a "broom-clean" condition.
19. Divisibility: It is intended that each paragraph of this agreement shall be viewed as separate and divisible, and in the event that any paragraph shall be held to be invalid, the remaining paragraphs shall continue to be in full force and effect.
20. Materials Restriction: Lead base paint hazards specified in the work write-up shall be mitigated in accordance with Federal Lead Based Paint regulations listed at 24 CFR 35. All new paint used must be a non-lead based paint.
21. Arbitration:
 - a. Should any controversy arise out of or related to this Contract or the breach thereof, that falls within the provisions of 7085 et seq. of the California Business and Professions Code, other than a controversy based upon your failure to comply with a notice to return to the project under paragraph 23, the parties shall agree to submit the issue to Contractors State License Board (CSLB) arbitration. The decision of the arbitrator is final and binding on both parties. CSLB will pay for the hearing, the arbitrator, and the services of one Board-appointed expert witness per complaint. The parties are responsible for their own attorney fees, if any, and additional expert witnesses, if any.
 - b. Any controversy arising out of or relating to this Contract, or the breach thereof, that does not qualify for CSLB arbitration, or the parties do not agree to CSLB arbitration, shall be submitted to binding arbitration in accordance with the provisions of the California Arbitration Law, Code of Civil Procedure 1280 et seq., and the Rules of the American Arbitration Association. The arbitrator shall have the final authority to order work performed, to order the payment from one party to another, and to order whom shall bear the costs of arbitration. Costs to initiate arbitration shall be paid by the party seeking arbitration. Notwithstanding, the party prevailing in any arbitration proceeding and in any litigation arising out of or relating to this contract shall be entitled to recover from the other all attorneys' fees and costs of arbitration.

22. Mechanics Liens: Contractor shall pay promptly all valid bills and charges for materials, labor or otherwise, in connection with or arising out of the rehabilitation of said property and will hold Owner free and harmless against all of them, filed against the property or any part thereof, and from and against all expense and liability in connection therewith, including but not limited to, court costs and attorneys' fees resulting or arising therefrom. Should any liens or claim of liens be filed for record against the property, or should Owner receive notice of any unpaid bill or charge in connection with the Contract, Contractor shall forthwith pay and discharge the same and cause the same to be released of record. Contractor authorizes SHE to issue joint checks as part of any disbursement otherwise payable to Contractor whenever SHE, in its sole discretion, determines that payment in this fashion is necessary in order to protect the interests of the Lender or the Owner. (See also, Notice to Owner, Attachment 3).
23. Termination of Contract: Should Contractor commit any of the acts specified in this paragraph, the Owner may, give 72 hours' notice in writing thereof to Contractor, to commence and continue thereafter to diligently prosecute the correction thereof, and if contractor fails to do so, then without prejudice to any other rights or remedies given Owner by law or by this contract, Owner may terminate the services of Contractor under this contract; take possession of said project and the premises on which it is located; take possession of all materials, located on such premises; and, complete said project by whatever method Owner may deem expedient. Contractor shall be deemed to have committed an act specified in this paragraph if contractor shall:
- a. refuse or fail to supply enough properly skilled workers or proper materials to complete said project in the time specified in this contract and in the approved time schedule.
 - b. fail to make prompt payment to subcontractors, laborers, or material men for labor performed on or materials furnished to said project;
 - c. fail to comply with the time schedule for completion of the project;

The preceding notwithstanding, the following actions by the Contractor shall be deemed to be material breaches of the contract which are not subject to cure. Should Contractor commit any of the acts specified in this paragraph, the Owner may, by giving 72 hours' notice in writing thereof to Contractor, without prejudice to any other rights or remedies given Owner by law or by this contract, terminate the services of Contractor under this contract; take possession of said project and the premises on which it is located; take possession of all materials, located on such premises; and complete said project by whatever method owner may deem expedient:

- d. Commence with any proceedings of bankruptcy;
 - e. make a general assignment for the benefit of contractors;
 - f. persist in disregarding any law or ordinance relating to said project or the completion thereof;
 - g. suffer the revocation or suspension of its contractor's license.
24. Rights on Termination by Owner: Should Owner terminate the service of Contractor under this contract and complete said project pursuant to Paragraph 10 of this contract, the Contractor shall not be entitled to receive any further payment under this contract until said project is fully completed. On completion of said project by Owner, if the unpaid balance of the contract price exceeds the expenses incurred by Owner in completing said project, including any compensation paid by Owner for managerial, administrative, or supervisory services in completing said project,

such excess shall be paid by Owner to Contractor. If the expense incurred by Owner in completion of said project exceeds the unpaid balance of the purchase price, Contractor shall pay such excess to Owner with thirty days following written demand by Owner.

25. Force Majeure: Neither Owner nor Contractor shall be deemed to be in default if performance of the improvements required by this contract is delayed or becomes impossible because of any act of God, war, earthquake, fire, civil commotion, epidemic, act of government, its agencies or officers, court order, or any other legitimate cause beyond the control of the party and not caused by the negligent, unreasonable or intentional acts of the party.
26. Availability of Funds: In the event the loan or grant of funds upon which this Contract is contingent is not approved, this Contract shall be considered null and void, and shall not create any liability to either Owner or Contractor.
27. Contract Nullity: This entire Contract shall be considered null and void if either of the following shall occur:
 - a. Owner is not approved for funding to finance the Contract Price;
 - b. Owner chooses not to proceed with the project before construction begins.
28. Three-Day Right to Cancel: "You, the Owner, have the right to cancel this contract within three business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the Contractor at the Contractor's place of business by midnight of the third business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of this contract including this notice.

If you cancel, the Contractor must return any moneys paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the Contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the Contractor's instructions on how to return the goods at the Contractor's expense and risk. If you do make the goods available to the Contractor, and the Contractor does not pick them up within 20 days of the date of your notice of cancellation, you make keep them without any further obligation. If you fail to make the goods available to the Contractor, or if you agree to return the goods to the Contractor and fail to do so, then you remain liable for performance of all obligations under this Contract."

29. "You, the Owner, are entitled to a completely filled in copy of this Contract, signed by both you and the Contractor, before any work may be started."

THE OWNER AND THE CONTRACTOR ACKNOWLEDGE THAT THEY HAVE READ, UNDERSTAND AND AGREE TO ALL PROVISIONS OF THIS CONTRACT INCLUDING ALL ADDITIONAL CONTRACT DOCUMENTS.

OWNER(S): _____

CONTRACTOR: _____

By: _____

Business Name: _____

Title: _____

Address: _____

Telephone: _____

License Number: _____

Tax ID or Soc. Sec. # _____

Attachments:

- 1 – Work Write-up
- 2 – Standard Contract Language
- 3 – Notice to Owner

STANDARD CONTRACT LANGUAGE:
ALL CONTRACTS AND SUBCONTRACTS

1. The Civil Rights, HCD, and Age Discrimination Acts Assurances:

During the performance of this Agreement, the Grantee assures that no otherwise qualified person shall be excluded from participation or employment, denied Program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, or handicap, under any Program or activity funded by this contract, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, and the Age Discrimination Act of 1975, and all implementing regulations.

2. Rehabilitation Act of 1973 and the "504 Coordinator"

The Grantee further agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR Part 8, including, but not limited to, for Grantees with 15 or more permanent full or part time employees, the local designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator".

3. The Training, Employment and Contracting Opportunities for Business and Lower Income Persons Assurance of Compliance:

- a) The grant activity to be performed under this Agreement is on a project assisted under a Program providing direct federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C 1701u. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in 24 CFR 135.34(a)(2).
- b) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- c) The Grantee will include these Section 3 clauses in every contract and subcontract for Work in connection with the grant activity and will, at the direction of the State, take appropriate action pursuant to the contract or subcontract upon a finding that the Grantee or any contractor or subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR Part 135 and, will not let any contract unless the Grantee or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- d) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of the Agreement shall be a condition of the federal financial assistance provided to the project, binding upon the Grantee, its successors and assigns. Failure to fulfill these requirements shall subject the Grantee, its contractors and subcontractors, its successors and assigns to those sanctions specified by the grant or contract through which federal assistance is provided, and to such sanctions as are specified by 24 CFR Part 135.

4. Assurance of Compliance with Requirements Placed on Construction Contracts of \$10,000 or more
The Grantee hereby agrees to place in every contract and subcontract for construction exceeding \$10,000 the Notice of Requirement for Affirmative Action to ensure Equal Employment Opportunity (Executive Order 11246), the Standard Equal Employment Opportunity, and the Construction Contract Specifications. The Grantee furthermore agrees to insert the appropriate Goals and Timetables issued by the U.S. Department of Labor in such contracts and subcontracts.
5. State Nondiscrimination Clause:
 - a) During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40) marital status, and denial of family care leave. Contractors and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Contractors and subcontractors shall comply with the provisions of the Housing Act (Government Code, Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7258 et seq.) The applicable regulations of the Fair Employment and Housing Commission implementing Government Regulations, are incorporated into this contract by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
 - b) Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.
6. Labor Standards –Federal Labor Standards Provisions
The Grantee shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of:

Davis-Bacon Act (40 USC 276a-276a-5) requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Department of Labor and are issued in the form of Federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over \$2,000.

Copeland “Anti-Kickback” Act (47 USC 276(c)) requires that workers be paid at least once a week without any deductions or rebates except permissible deductions.

Contract Work Hours and Safety Standards Act – CWHSSA (40USC 327-333) requires that workers receive “overtime” compensation at a rate of 1-1/2 times their regular hourly wage after they have worked 40 hours in one week.

Title 29, Code of Federal Regulations, Subtitle A, Parts 1, 3 and 5 are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

NOTICE TO OWNER

"Under the California Mechanics' Lien Law, any contractor, subcontractor, laborer, supplier, or other person or entity who helps to improve your property, but is not paid for his or her work or supplies, has a right to place a lien on your home, land, or property where the work was performed and to sue you in court to obtain payment.

This means that after a court hearing, your home, land, and property could be sold by a court officer and the proceeds of the sale used to satisfy what you owe. This can happen even if you have paid your contractor in full if the contractor's subcontractors, laborers, or suppliers remain unpaid.

To preserve their rights to file a claim or lien against your property, certain claimants such as subcontractors or material suppliers are each required to provide you with a document called a "Preliminary Notice." Contractors and laborers who contract with owners directly do not have to provide such notice since you are aware of their existence as an owner. A preliminary notice is not a lien against your property. Its purpose is to notify you of persons or entities that may have a right to file a lien against your property if they are not paid. In order to perfect their lien rights, a contractor, subcontractor, supplier, or laborer must file a mechanics' lien with the county recorder which then becomes a recorded lien against your property. Generally, the maximum time allowed for filing a mechanics' lien against your property is 90 days after substantial completion of your project.

TO INSURE EXTRA PROTECTION FOR YOURSELF AND YOUR PROPERTY, YOU MAY WISH TO TAKE ONE OR MORE OF THE FOLLOWING STEPS:

1. Require that your contractor supply you with a payment and performance bond (not a license bond), which provides that the bonding company will either complete the project or pay damages up to the amount of the bond. This payment and performance bond as well as a copy of the construction contract should be filed with the county recorder for your further protection. The payment and performance bond will usually cost from 1 to 5 percent of the contract amount depending on the contractor's bonding ability. If a contractor cannot obtain such bonding, it may indicate his or her financial incapacity.
2. Require that payments be made directly to subcontractors and material suppliers through a joint control. Funding services may be available, for a fee, in your area which will establish voucher or other means of payment to your contractor. These services may also provide you with lien waivers and other forms of protection. Any joint control agreement should include the addendum approved by the registrar.
3. Issue joint checks for payment, made out to both your contractor and subcontractors or material suppliers involved in the project. The joint checks should be made payable to the persons or entities which send preliminary notices to you. Those persons or entities have indicated that they may have lien rights on your property; therefore, you need to protect yourself. This will help to insure that all person due are actually paid.
4. Upon making payment on any completed phase of the project, and before making any further payments, require your contractor to provide you with unconditional "Waiver and Release" forms signed by each material supplier, subcontractor, and laborer involved in that portion of the work for which payment was made. The statutory lien releases are set forth in exact language in Section 3262 of the Civil Code. Most stationery stores will sell the "Waiver and Release" forms if your contractor does not have them. The material suppliers, subcontractors, and laborers that you obtain releases from

are those persons or entities who have filed preliminary notices with you. If you are not certain of the material suppliers, subcontractors, and laborers working on your project, you may obtain a list from your contractor. On projects involving improvements to a single-family residence or a duplex owned by the individuals, the person signing these releases lose the right to file a mechanics' lien claim against your property. In other types of construction, this protection may still be important, but may not be as complete.

To protect yourself under this option, you must be certain that all material suppliers, subcontractors, and laborers have signed the "Waiver and Release" form. If a mechanics' lien has been filed against your property, it can only be voluntarily released by a recorded "Release of Mechanics' Lien" signed by the person or entity that filed the mechanics' lien against your property unless the lawsuit to enforce the lien was not timely filed. You should not make any final payments until any and all such liens are removed. You should consult an attorney if a lien is filed against your property."

Read and acknowledged:

Signature

Dated

Signature

Dated

**ATTACHMENT K
SELF-HELP ENTERPRISES
CONSTRUCTION PAYMENT REQUEST # _____**

Date _____

Participant _____ Project _____ Job # _____

Project Address _____

Total Contract Amount \$ _____ Payment Amount \$ _____

Contractor: _____ Construction Supervisor: _____

Items Completed:

I request payment for work in progress on the above property. I certify that the work itemized above has been completed as of this date.

Contractor's Signature

Date

NOTE: Ten percent (10%) of the total contract amount (including all change orders) will be retained by Self-Help Enterprises until 35 days after Notice of Completion is recorded.

The items listed above have been completed satisfactorily. _____
Please release payment to Contractor as requested (or amended). OWNER'S SIGNATURE DATE

APPROVED FOR PAYMENT:

SELF-HELP ENTERPRISES

DATE ☐ Mail ☐ Pick-up

NOTES:

Distribution: **WHITE:** Self-Help Enterprises

YELLOW: Owner

PINK: Contractor

GOLDENROD: Supervisor

City of Farmersville
Homebuyer Program Guidelines
City Council Approved July 11, 2011

CITY OF FARMERSVILLE

Housing Rehabilitation Program Guidelines

For:

CalHome Program
Community Development Block Grant (CDBG)
Program and
Home Investment Partnerships Program
(HOME)

Serving the
City of Farmersville

Ver. 2015.1

Pending CDBG Approval

HOME Approved 11/14/11

CalHome Approved 3/29/11

**CITY OF FARMERSVILLE
OWNER-OCCUPIED HOUSING REHABILITATION
PROGRAM GUIDELINES**

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**CITY OF FARMERSVILLE
OWNER-OCCUPIED HOUSING REHABILITATION
PROGRAM GUIDELINES**

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CITY OF FARMERSVILLE**OWNER-OCCUPIED HOUSING REHABILITATION
PROGRAM GUIDELINES****1.0. GENERAL**

The above-named entity, hereinafter referred to as the "Sponsor", has entered into a contractual relationship with the California Department of Housing and Community Development ("HCD") to administer one or more HCD-funded housing rehabilitation Programs. The rehabilitation Program described herein and hereinafter referred to as the "Program" is designed to provide assistance to eligible homeowners for correction of health and safety items, as well as code violations, located within the Program's eligible area, as described in Section 3.1.B. The Program provides this assistance in the form of deferred payment loans used to finance the cost of necessary repairs that will provide the homeowner with a healthy, safe, sanitary and code compliant home, referred to herein as "housing unit". The Program will be administered by Self-Help Enterprises, hereinafter referred to as the "Program Operator".

1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation, be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

- A. The Fair Housing Lender logo and Accessibility logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. A Fair Housing Marketing Plan can be found as Attachment D. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homeownership education classes to help educate homeowners about credit, budgeting, predatory lending, foreclosure prevention and home maintenance, as well as future responsibilities.
- B. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any Program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

A. Waiting List/Homeowner Contact

The Sponsor will utilize a waiting list. In response to a homeowner's request, the homeowner is placed on the waiting list. Homeowners are offered the opportunity to qualify for assistance by waiting list priority (a first-come, first served basis). For CDBG, a separate waiting list will be kept for homeowners in need of assistance related to a domestic water well only. Assistance will be provided to eligible homeowners on a first-come, first served basis. Homeowners who need housing rehabilitation assistance in addition to assistance related to a domestic water well will be placed on both lists.

The Program Operator will contact homeowners by mail and/or by telephone to advise them of funding availability. The homeowner has 30 days to complete and return the loan application and supporting documentation. Should a homeowner fail to respond to the initial contact for assistance or to provide any of the required documentation within the 30-day period, the homeowner's name will be removed from the waiting list. If the homeowner desires assistance at a later time, he/she will be placed on the waiting list at that time.

Should the waiting list be exhausted, the Program will be marketed in accordance with the Sponsor's Marketing Plan. **See Attachment D.**

B. Application/Interview

An application packet is provided to the homeowner for completion and submittal to the Program Operator, along with supporting documentation. An interview is scheduled with the applicant. The Program is fully explained; application forms and documentation are reviewed. Verifications are obtained for income, assets, employment, benefits, and mortgage. Title report and property values are also obtained.

If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that can't be resolved, the Sponsor reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.

C. Household Selection

Households selected for participation in the Sponsor's Housing Rehabilitation Program are those determined eligible upon completion of processes described in A. and B. above.

D. Initial Inspection/Work Write-Up/Estimate

Prospective units are inspected by the Program Operator, a certified housing inspector, or a Sponsor representative to determine eligibility and acceptability of properties for participation in the Program.

If the home is a pre-1978 unit, the initial inspection will also include paint testing by a certified Lead-Based Paint (LBP) inspector/assessor or presumption of LBP. Code

deficiencies will be corrected and if presumption is used or lead hazards are found they will be properly treated according to HUD regulations (Section 6.1.E & F) and cleared by a certified LBP inspector/assessor. **Note: CalHome-funded projects do not require LBP compliance. CDBG projects needing guidance shall refer to Chapter 20 of the CDBG Grant Management Manual, Lead-Based Paint Requirements.**

Measurements and observations are noted about the property, including special conditions with potential cost consequences (dilapidated outbuildings, absence of curb and gutter when required by code, etc.). A floor plan and site plan, as needed, are drawn for the home and property, including all appurtenances. **Note: HOME funds cannot be used for curb and gutter if the curb and gutter are outside the borrower's property line.**

Findings are noted on an inspection form, and later used by the Program Operator to prepare the work write-up. Estimated costs are determined by the Program Operator who has years of experience in the building industry, and in reviewing contractor bids and verifying cost with materials suppliers. The homeowner reviews the completed work write-up and cost estimate, and the approved write-up is incorporated into bid documents.

E. Bid Solicitation

A bid walk-through date and time are scheduled. The homeowner may choose to solicit his/her own bids or request that the Program Operator solicit bids on his/her behalf. In an effort to obtain three reasonable bids, invitations to bid are sent to eligible contractors located in the Sponsor's County and selected by the homeowner from the Active Contractor List provided by the Program Operator. Homeowners are required to select a minimum of six contractors from the Active Contractor List and may add to the list as long as the contractor meets the requirements outlined in the Housing Rehabilitation/Reconstruction Program Contractor Guidelines and Information Sheet (see Attachment K). Contractors will be notified via telephone and/or in writing (email, fax, etc.) at least one week prior to each bid tour. Bid results will be provided to participating contractors.

Contractors must be licensed and bonded by the State of California Contractors Licensing Board. Contractors must also provide Program Operator with evidence of Workers' Compensation Insurance and Comprehensive General Liability and Property Damage Insurance with Combined Single Limits of at least \$1,000,000.

Recruitment for eligible contractors is done on an ongoing basis, via local advertising, website notification, and program marketing. It is the goal of the Program Operator to maintain an Active Contractor List of eligible, interested contractors located in the Sponsor's County. Applications are available for those seeking to participate by calling the Program Operator or visiting the Program Operator's website. The Program Operator will send notices to contractors on the Active Contractor List annually, which will request each contractor contact the Program Operator to confirm his or her interest in remaining on the Active Contractor List. Contractors who do not respond will be moved to the Inactive Contractor List.

Cost reasonableness is determined by comparing the bids received with the cost estimate prepared by the Program Operator. Bids should be within 10% of the Program Operator's cost estimate, otherwise an explanation must be provided to the file for any bid selected

exceeding 10% of the estimate. The homeowner is encouraged to accept the lowest reasonable bid.

The Program Operator determines eligibility of the contractor by contacting the State Contractors License Board and checking the Federal List of Debarred Contractors. The contractor is also required to provide a self-certification stating that he/she is not on the Federal debarred list. Once determined eligible, the contractor is then notified of provisional award of bid (pending loan approval). Notices of non-award are mailed to participating contractors.

F. Pre-Construction Conference

A pre-construction conference is scheduled with homeowner, contractor, and Program Operator. The Program Operator reviews the Owner-Contractor Construction Contract, including the work write-up, anticipated start date, pay schedule, and anticipated date of completion, with the homeowner and contractor.

G. Loan Request/Approval

A report and loan request are prepared on behalf of the homeowner by the Program Operator. The loan request includes the cost of construction, a contingency fund, and other project costs (listed in Section 6.3.). Note -- For HOME, the project costs listed in Section 6.3 are considered activity delivery costs to be paid by the Sponsor and may not be charged to the homeowner's loan. A Loan Review Committee meeting is scheduled to hear the loan request. Section 1.3. provides additional information on the loan approval process. Once approved, loan documents are executed and the loan is funded.

H. Start-Up/Field Inspections

Following loan approval, the construction contract and Notice to Proceed are executed. The Program Operator monitors date of start-up and performs field inspections on a regular basis. The Program Operator will visit the job site regularly in order to check the scope of work, inspect materials, and to confirm the job is on schedule and within budget. The Program Operator works with the Sponsor's Building Inspector to ensure the work meets building codes, while not exceeding funding limits.

The Program Operator reviews the work status with the homeowner and with the contractor in order to remedy any developing problems quickly and to ensure that both are satisfied with the construction process. At the completion of each phase, the Program Operator inspects the work and the homeowner authorizes contractor payments.

The Program Operator will refer back to original plans and specifications to verify the work was completed as contracted.

I. Change Orders

Written change orders are required when the homeowner requests any changes in the write-up, such as eliminating an item completely, eliminating one item and substituting another, or adding items. The change order will state the change and dollar value for the change. The

change order must be signed by both the contractor and the homeowner, and submitted to the Program Operator for approval. If the change order exceeds the approved financing, the homeowner will be asked to provide additional funds or a report and request for additional funds may be presented to the Sponsor's Loan Review Committee for approval prior to Program Operator signing-off on the change order.

J. Progress Payments

Ninety percent (90%) of the contract amount is distributed to the contractor in the form of progress payments during construction. The final ten-percent (10%) of the contract amount is set aside as a retention payment. The contractor requests a progress payment from the homeowner and notifies the Program Operator that he/she has done so. Upon favorable inspection by the homeowner, Program Operator, and Sponsor or Sponsor's Building Inspector, the payment authorization is signed by the homeowner and submitted for payment.

K. Final Inspections/Notice of Completion/Final Payment

When the project is completed, the Program Operator inspects the work item by item with the homeowner, the contractor, and/or the Sponsor. The Sponsor's Building Inspector performs a final inspection. Any corrections or deficiencies are noted and corrected by the contractor. Upon favorable final inspections, a Notice of Completion is prepared, signed by the homeowner, and then recorded. The final ten-percent (10%) retention payment is released 35 days after the recording of the Notice of Completion.

1.3. LOAN PROCESS

The Sponsor's Loan Review Committee must approve all loans and grants. The Loan Review Committee may approve assistance with financing exceeding 100 percent of after-rehabilitation value as needed in cases where no other financial resources are available to cover the cost of the improvements and where clear and convincing documentation exists, justifying why the exception is needed. However, if the project is CalHome funded, the total financing cannot be more than 105 percent of the after-rehabilitation value. For HOME-funded loans, the amount of assistance provided will not exceed the Sponsor's County maximum HOME subsidy limit per bedroom as defined by Section 221 (d)(3) and the total financing cannot exceed the Maximum After-Rehabilitation Value. **See Attachment C.**

In order to obtain financing, applicants must meet all property and eligibility guidelines in effect at the time the application is considered. Homeowners will be provided written notification of approval or denial. Any reason for denial will be provided to the applicant in writing.

1.4. CONFLICT OF INTEREST REQUIREMENTS

When the Sponsor's Program contains Federal funds, the applicable Conflict of Interest requirements of 24 CFR Section 570.611 shall be followed for CDBG assistance, and for CalHome-funded Programs, the applicable Conflict of Interest requirements of Public Contract Code sections 10410, 10411, and 10430 (e) shall be followed.

For HOME assistance, Section 92.356 of the HOME Final Rule shall be followed, as follows:

(a) Conflicts prohibited. No persons described in paragraph (b) of this section who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME

funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild and in-laws of a covered person.

(b) Persons covered. The conflict of interest provisions of paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.

(c) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction to HCD, HUD may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. See 24 CFR 92.356(d)(1-6) for details on the documentation needed in order to submit an exception request to HUD.

A contractor with a vested interest in the property cannot bid on a rehabilitation job. Such a contractor may act as owner/builder, subject to standard construction procedures. Owner/builders are reimbursed for materials purchased which are verified by invoice/receipt and used on the job. Reimbursement occurs after the installation is verified by the Program Operator to be part of the scope of work. Owner/builders are not reimbursed for labor.

2.0. APPLICANT QUALIFICATIONS

2.1. INCOME LIMITS

All homeowners must certify that they meet the household income eligibility requirements for the applicable HCD Program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD each year. **See Attachment C.**

The link to the official HCD-maintained income limits is:

<http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>

Household: means one or more persons who will occupy a housing unit. For HOME and CDBG, unborn children count in family size determination. For CalHome, unborn children are not counted.

Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria for HOME and CDBG, as shown in the most recent HCD Program-specific guidance at <http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html>, will be followed to independently determine and certify the household's annual gross income. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third-party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing, kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine Program eligibility. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. The two types of income that are not considered would be income of minors or live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected income must be used, rather than past earnings, when calculating income.

Housing and/or debt ratios are not considered as the funding provided creates no additional monthly financial obligation. If a homeowner has a mortgage, creditworthiness is verified by ensuring that all payments are current and that no late payments have been received in the past twelve months.

The link to Annual Income Inclusions and Exclusions is:

http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc

Attachment A: HOME and CDBG 24 CFR Part 5 Annual Income Inclusions and Exclusions

Attachment A-1: CalHome Title 25 Section 6914 Annual Income inclusions and Exclusions (State)

B. ASSETS:

There is no asset limitation for participation in the Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. *(Note: it is the income earned – e.g. interest on a savings account – not the asset value, which is counted in annual income.)*

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including: Penalties or fees for converting financial holdings and costs for selling real property. For HOME and CDBG, the cash value (rather than the market value) of

an item is counted as an asset. For CalHome, the market value of an item is counted as an asset.

For HOME and CDBG, the Link to Asset Inclusions and Exclusions is:

http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDoes/AppendixC_AnnualIncomeAssetInclusionsExclusions.doc

Attachment B: Part 5 Annual Income Net Family Asset Inclusions and Exclusions

2.3. HOMEOWNER ELIGIBILITY AND RESIDENCY REQUIREMENTS

The Sponsor's Housing Rehabilitation Program allows for owner-occupied properties to participate in the Program. Owner-occupied units must be the owner's principal place of residence. A photocopy of a recent utility bill will verify proof of occupancy. No unit to be rehabilitated will receive financial assistance if it is currently occupied by an over-income household or does not meet the eligibility standards outlined in these guidelines.

- A. Continued residency is monitored annually for the term of the loan. Occupancy will be verified, reviewed, and certified by the submission of the following:
 - 1) Proof of occupancy in the form of a copy of a current utility bill; and
 - 2) Statement of unit's continued use as primary residence of the owner.
- B. In the event that an homeowner sells, transfers title, or discontinues residence in the rehabilitated property for any reason, the loan becomes due and payable, unless the following conditions are met:

The homeowner who received the loan dies and the heir to the property meets income requirements and intends to occupy the home as his/her principal residence. Upon approval of the Sponsor, the heir may be permitted to assume the loan at the rate and terms the heir qualifies for under current participation guidelines. If the heir does not meet applicable eligibility requirements, the loan is due and payable. **Note: Loans provided by CalHome are not assumable.**

- C. If a homeowner converts the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.

If the loan is funded with CalHome funds, it is not transferable except under the following limited circumstances:

- 1) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;
- 2) A transfer of the Property where the spouse becomes an owner of the property;
- 3) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property; or,

- 4) A transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.

3.0. PROPERTY ELIGIBILITY

3.1. CONDITIONS

- A. No unit will be eligible if a household's income exceeds the prescribed income limits listed in Attachment C.
- B. Units to be rehabilitated must be located within the incorporated areas of the Sponsor's jurisdiction.
- C. Property must contain a legal residential structure intended for continued residential occupancy.
- D. All repair work will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. For CDBG the priority will be the elimination of health and safety hazards. Sponsor may also require elimination of code deficiencies. When HOME funds are used for housing rehabilitation, the property must meet all applicable current codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. However, if certain components of the house are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components. Section 8 Housing Quality Standards may be required on rentals by Sponsor when CDBG funds are used.

3.2. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Tenants will be informed of their eligibility for temporary relocation benefits if occupancy during rehabilitation constitutes a danger to health and safety of occupants or public danger or is otherwise undesirable because of the nature of the project. Relocated persons will receive increased housing costs, payment for moving and related expenses and appropriate advisory services, as detailed in the Sponsor's "Residential Anti-displacement and Relocation Assistance Plan" (**Attachment E**).

Owner-occupants are not eligible for temporary relocation benefits, unless health and safety threats are determined to exist by the Program Operator. In cases where relocation is determined to be necessary by the Sponsor/Program Operator, assistance may be provided for actual costs incurred from the applicant's loan proceeds or as a grant (**see Section 4.4. for allowable grants**). HOME-funded projects will only provide relocation assistance in the form of a grant, which shall be included in the maximum assistance amount.

Note: Relocation benefits are not a requirement under CalHome, but are acceptable and may be covered by loan proceeds.

3.3. NOTIFICATION AND DISCLOSURES - Not required by CalHome

- A. Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as follows:

The Lead Hazard Information Pamphlet published by the EPA/HUD/Consumer Product Safety Commission will be given to all owners regardless of the cost of rehabilitation or paint test findings. If lead-based paint is found through testing or if presumed, a Notice of Lead Hazard Evaluation or Presumption will also be supplied. When Lead hazards are present, a Notice of Lead Hazard Reduction Activity and a Lead Hazard Evaluation Report will also be provided (**Attachment I**).

- B. Tenants located in properties that will receive housing rehabilitation will be provided a notice outlining their relocation rights and benefits (**Attachment E**).

4.0. THE PROGRAM LOAN

4.1. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

An eligible homeowner may qualify for the full cost of rehabilitation/reconstruction work needed to comply with State and local codes and ordinances. Maximum assistance shall not exceed the Sponsor's County maximum HOME Subsidy Limit per bedroom as designated by Section 221(d)(3). Any approved "grant" amount for lead-based paint evaluation and reduction activities, relocation assistance, and allowable activity delivery shall be included in the maximum assistance amount, but will not be a part of the loan. **See Attachment C. For CDBG funded Programs the maximum assistance for rehabilitation/reconstruction will not exceed \$190,430. For Programs funded with CalHome funds from 2008 or later, the maximum assistance for rehabilitation/reconstruction will not exceed \$40,000 or \$60,000 respectively, which includes activity delivery.**

4.2. AFFORDABILITY PARAMETERS FOR HOMEOWNERS

- A. The total indebtedness against property shall not exceed 100 percent of after-rehabilitation value as determined by "Estimates of value" or an appraisal, for CDBG or HOME projects. **NOTE – All HOME and CDBG reconstruction projects require a full appraisal. An estimate of after-rehab value will be made prior to making a commitment of funds using the method outlined in Section 4.5. Note – This does not apply to CalHome projects.**

- B. HOME funded units' after-rehabilitation value shall not exceed the HOME Program Purchase Price/Value Limit for Sponsor's County as updated by HUD and published on the HCD Website. **See Attachment C.**

For CalHome-funded Programs, the maximum after-rehab value of a home shall be set at 100% of the current median sales price of a single family home in the county in which the CalHome Program is located.

- C. The total indebtedness against property shall not exceed 105 percent of the after-rehabilitation value as determined by an appraisal for CalHome projects. An estimate of After-Rehab Value will be made prior to making a commitment of funds using the method outlined in Section 4.5. **Note – This does not apply to HOME or CDBG projects.**

- D. Any bid within 10% of the Program Operator's estimate may be selected, otherwise an explanation must be provided to the file for a bid selected exceeding 10% of the estimate.

4.3. RATES AND TERMS

- A. Homeowners are eligible for Deferred Payment Loans (DPL), at zero interest, evidenced by a Promissory Note and secured by a Deed of Trust, with no payback required for 30 years unless the borrower sells or transfers title or discontinues residence in the dwelling. Payments may be made voluntarily on a DPL, without penalty. **Note: If it is determined by the Sponsor that repayment of a CalHome or CDBG Program loan at the maturity date causes a hardship to the homeowner, the Sponsor may opt the following:**
- 1) Amend the note and deed of trust to defer repayment of the amount due at maturity, that is balance of the original principal plus the accrued interest, for up to an additional 30 years (at 0% additional interest). This may be offered one time; or,
 - 2) Convert the debt at loan maturity; that is the balance of the original principal plus any accrued interest, to an amortized loan, repayable in 15 years at 0% additional interest.
- B. In the event that a homeowner sells, transfers title, or discontinues residence in the rehabilitated property for any reason, the loan shall become all due and payable.
- C. If the homeowner dies, and if the heir(s) to the property live(s) in the house and is/are income eligible, the heir(s) may be permitted, upon approval of the Sponsor, to assume the loan at the rate and terms the heir(s) qualifies for under current participation guidelines. Note: CalHome loans are not assumable.
- D. If the homeowner dies and the heir(s) is/are not income eligible, the loan becomes all due and payable. Note – CalHome loans are not assumable.
- E. If a homeowner converts the rehabilitated property to any residential-rental, commercial or non-residential use, the loan becomes all due and payable.
- F. As specified in the Rehabilitation Loan Agreement, all applicants who participate in the Program must maintain the property at post-rehabilitation conditions for the term of the loan. Should the property not be maintained accordingly, the loan shall be considered in default and becomes all due and payable, and if necessary, foreclosure proceedings will be initiated. A method of inspection will be established by the Sponsor.
- G. For CalHome, loans are not assumable. The following transfers of interest shall not require the repayment of the CalHome Program loan:
- 1) transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
 - 2) a transfer, in which the transferee is a person who occupies or will occupy the property, which is:
 - (a) a transfer where the spouse becomes an owner of the property;

- (b) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
- (c) a transfer into an inter vivos trust in which the borrower is and remains the beneficiary and occupant of the property.

4.4. GRANTS

A. CDBG funded Programs may provide grants as follows:

- 1) Grants are available for any of the following qualifying factors, up to a maximum of \$15,000:
 - a) Senior Citizen - at least 62 years old; or
 - b) Handicapped - only for handicap modifications to a house with one or more physically handicapped occupants who would function more independently if such modifications were installed; or
 - c) Lowest HUD Low/Mod individual – with gross annual income less than 50 percent of County median income; or
 - d) Curb, gutter and Sidewalk – when curb, gutter and/or sidewalk are required by City code; or
 - e) Emergencies – failure of a major household component that would require the participant to live without basic plumbing, electrical, heating, cooling, or security. (These funds are not for use during a normal rehabilitation, they are for true emergency situations, such as a failed sewer line or water heater, blown electrical panel, etc.)
- 2) Grants of up to \$10,000 are available for Fire Sprinkler installation and associated costs – for reconstruction projects, as required by CCR, Title 24, Part 2.5 of the 2010 California Residential Code.
- 3) Grants are available for the repair, replacement, or abandonment of domestic water wells and/or associated costs (such as water pump lowering) based on invoices from contracted well drillers and/or water pump installers. The Program Operator must approve a total cost estimate from a contracted well driller and/or water pump installer prior to financing approval to ensure cost reasonableness.
- 4) Grants of up to \$25,000 are available for Equity maintenance, if financing rehabilitation entirely with a loan would cause indebtedness to exceed 100% of after-rehabilitation value.

B. HOME and CDBG provide grants for all actual costs of lead-based paint evaluation and reduction activities.

C. HOME and CDBG provide grants for relocation assistance. See Relocation Assistance Plan, **Attachment E**.

- 1) Owner-Occupant – Limit of \$5,000.

D. Grants are not available in CalHome-funded Programs.**4.5. APPRAISAL**

- A. The After-Rehab Value for rehabilitation projects is determined using the "Estimates of value" method. The Sponsor or Program Operator determines estimates of value based on the sale prices of at least three (3) comparable properties, sold within the last six months (within one year of the assistance date, which is the date the promissory note is signed), and located within one mile of the subject property. The participants' file will include the estimate of value and document the basis for the value estimates. The purpose of the "Estimates of value" is to determine that the After-Rehabilitation Value Limit of the housing unit will not exceed the permitted amount per HCD Program regulations (**See Attachment C**). If three comparable properties cannot be found, or if there is any question regarding the After-Rehab Value, the ARV will be determined by a licensed appraiser, as described in Section 4.5.B. below.
- B. A licensed appraiser determines the After-Rehab Value for rehabilitation projects, when the "Estimates of value" method cannot be used. For rehabilitation projects the appraiser determines the value of the unit with the rehabilitation building plans and specifications included. For CDBG and CalHome, the cost of the appraisal will be included in the Borrower's loan. For HOME, the cost of the appraisal will be paid by the Sponsor, not by the Borrower. The purpose of the appraisal is to determine that the After-Rehabilitation Value Limit of the housing unit will not exceed the permitted amount per HCD Program regulations (**See Attachment C**).
- C. The After-Rehab Value for reconstruction projects is determined by a licensed appraiser. The After-Rehab Value for reconstruction projects is determined by an appraisal completed off the building plans and specifications for the new home. For CDBG and CalHome, the cost of the appraisal will be included in the Borrower's loan. For HOME, the cost of the appraisal will be paid by the Sponsor, not by the Borrower. The purpose of the appraisal is to determine that the After-Rehabilitation Value Limit of the housing unit will not exceed the permitted amount per HCD Program regulations (**See Attachment C**).

4.6. INSURANCE**4.6.1. FIRE INSURANCE**

The homeowner shall maintain fire insurance on the property for the duration of the Program loan(s). This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the Sponsor as Loss Payee for the amount of the Program loan(s). A binder shall be provided to the Sponsor.

In the event the applicant fails to make the fire insurance premium payments in a timely fashion, the Sponsor at their option, may make such payments for a period not to exceed 60 days. The Sponsor may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period of time. Should the Sponsor make any payments, it may, in its sole discretion, add such payments to the principal amount that the applicant is obligated to

repay the Sponsor under this Program. The premium may be paid by the Program loan for one year. **Note: HOME funds cannot be used to pay insurance cost beyond those identified as initial loan costs. Note: CalHome funds cannot be used to pay insurance at any time.**

4.6.2. FLOOD INSURANCE

For homes in a 100-year flood zone, the owner is required to maintain flood insurance in an amount adequate to secure the Program loan and all other encumbrances. This policy must designate the Sponsor as Loss Payee and a binder shall be provided to the Sponsor and maintained in the borrowers file. The premium may be paid by the Program loan for one year. **Note: HOME funds cannot be used to pay insurance cost beyond those identified as initial loan costs. Note: CalHome funds cannot be used to pay insurance at any time.**

4.7. LOAN SECURITY

- A. Loan security for all owner-occupied rehabilitation stick-built homes will be secured by the real property and improvements, and will also include a Deed of Trust, Promissory Note and Loan Agreement in favor of the Sponsor.
- B. A manufactured home in a mobile home park or on leased land that is not on a permanent foundation will be secured by an HCD 480.7 or an HCD 484 Statement of Lien, and will also include a Promissory Note and Loan Agreement.
- C. Entering a subordinate lien is acceptable. However, the Sponsor will not subordinate a first lien position once established.

5.0. PROGRAM LOAN SERVICING AND MAINTENANCE

5.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time, without penalty.

5.2. RECEIVING LOAN REPAYMENTS

- A. Program loan payments will be made to:

*The City of Farmersville
909 W. Visalia Road
Farmersville, CA 93223*

- B. The Sponsor will be the receiver of loan payments or recapture funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the Sponsor's appropriate Program Income Account, as required by all three HCD Programs. The Program Sponsor will accept loan payments from borrowers prepaying deferred loans, from borrowers making payments in full upon sale or transfer of the property, and homeowners of tenant occupied units. All loan payments are payable to the Sponsor. The Sponsor may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

5.3. LOAN SERVICING POLICIES AND PROCEDURES

See **Attachment F** for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

5.4. LOAN MONITORING PROCEDURES

Homeowners will be required to submit each of the following to the Sponsor, annually, for the term of the loan, which will be reviewed and certified by the Sponsor or its designated Loan Servicing Agent:

- A. Proof of occupancy in the form of a copy of a current utility bill;
- B. Statement of unit's continued use as a residence;
- C. Declaration that other title holders do not reside on the premises;
- D. Verification that Property Taxes are current; and
- E. Verification of current required insurance policies.

5.5. DEFAULT AND FORECLOSURE

If an owner defaults on a loan, and foreclosure procedures are instituted, they shall be carried out according to the Program Foreclosure Policy adopted by the Sponsor, and attached to these guidelines as **Attachment G**.

5.6. SUBORDINATIONS

The Sponsor may approve a request to subordinate a loan, in order for the owner to refinance the property, under the following conditions:

- A. The lien position of the Sponsor loan will remain the same or be advanced.
- B. The new primary loan is no greater than the balance of the loan being refinanced, except the costs of refinancing the loan may be added to the principal balance.
- C. The purpose of the new primary loan is to reduce the interest rate being paid and/or reduce the owner's payment.
- D. The refinanced loan must have an impound account for taxes and insurances.
- E. The refinancing terms must be acceptable to the Sponsor.
- F. Only CDBG allows refinancing with CDBG funds in conjunction with rehabilitation of the

unit

6.0. CONSTRUCTION

6.1. STANDARDS

- A. All repair work will meet Local Building Code standards. For CDBG and CalHome, the priority will be the elimination of health and safety hazards. Sponsor may also require elimination of code deficiencies. When HOME funds are used for housing rehabilitation, all health and safety hazards must be eliminated and the property must meet all applicable current codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. However, if certain components of the house are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components.
- B. Contracting Process
 - 1) Contracting will be done on a competitive basis.
 - 2) The homeowner will be the responsible agent, but the Sponsor and/or its Program Operator will prepare the work write-up, prepare and advertise the bid package, and assist the owner in negotiating the construction contract.
 - 3) The Sponsor does not warrant any construction work, or provide insurance coverage.
- C. Approved Contractors
 - 1) Contractors are required to be licensed with the State of California, and be active and in good standing with the Contractors' License Board and the Sponsor.
 - 2) Contractors will be checked against HUD's list of federally debarred contractors. No award will be granted to a contractor on this list.
 - 3) Contractors must have public liability and property damage insurance, and worker's compensation, unemployment and disability insurance, to the extent required by State law.
 - 4) Contractor must agree to comply with all federal and state regulations.
- D. Sweat Equity Labor

The Sponsor does not allow sweat equity participation.
- E. Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as identified in Section 3.3.A. **Note: Units funded solely with CalHome funds are not required to comply with LBP regulations.**
- F. Units constructed prior to 1978 will also be inspected according to the following HUD regulations. **Note: Units funded solely with CalHome funds are not required to comply with LBP regulations.** For CDBG funded Programs needing guidance, please refer to Chapter 20 in the CDBG Grant Management Manual, Lead-Based Paint Requirements.

- 1) If the total amount of Federal assistance or the total amount of rehabilitation hard cost is up to and including \$5,000, the following is required:
 - a) Paint testing or presume LBP;
 - b) Clearance of disturbed work areas; and
 - c) Notifications listed in Section 3.3.A.
- 2) If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$5,000 up to and including \$25,000, the following is required:
 - a) Paint testing or presume LBP;
 - b) Risk assessment; and
 - c) Clearance of unit.If LBP hazards are identified, interim controls will be implemented. This level will also require a notice of "Abatement of Lead Hazards Notification" at least five days prior to starting work.
- 3) If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$25,000, the following is required:
 - a) Items (a), (b), and (c) of 2. above;
 - b) Abatement of all LBP hazards identified or produced;
 - c) Use of interim controls on exterior surfaces not disrupted by rehab; and all notices listed above in Sections 3.3.A. and 6.1.F.2.
- 4) All paint tests that result in a negative finding of lead-based paint are exempt from any and all additional requirements. If defective paint surfaces are found, they will be properly treated or abated. A State-certified Inspector/Assessor will perform all paint testing, risk assessments, and clearances. A trained supervisor may oversee interim controls; however, a certified supervisor and workers will perform all abatement.

6.2. ELIGIBLE CONSTRUCTION COSTS

"Rehabilitation" means, in addition to the definition in Section 50096 of the Health and Safety Code, repairs and improvements to a manufactured home necessary to correct any condition causing the home to be substandard pursuant to Section 1704 of Title 25, California Code of Regulations. Rehabilitation also includes room additions to alleviate overcrowding. Rehabilitation also means repairs and improvements where necessary to meet any locally-adopted standards used in local rehabilitation Programs. Rehabilitation does not include replacement of personal property.

Rehabilitation includes reconstruction. Federal law and policy allows the use of HOME funds to demolish and reconstruct owner-occupied residential structures. Reconstruction is defined as the demolition and construction of a structure. The Sponsor and/or Program Operator must document that the reconstruction costs are less than the cost to rehabilitate the existing substandard housing. This will be done using the State's Test for Reconstruction (see Attachment J).

Additionally, for HOME- and CalHome-funded projects, the Sponsor must determine that the project's value after reconstruction (housing and land combined) is less than the Maximum After-Rehabilitation Value for the Sponsor (see Attachment C, One-Family).

The residential structure to be reconstructed must be a structure with cooking, eating, sleeping, and sanitation facilities which has been legally occupied as a residence within the preceding 12 months. Fifth wheels or recreational vehicles, for example, are not considered dwellings and therefore are not eligible under this Program.

For HOME, like for like requires that the structure being demolished must be replaced with a like structure (replace manufactured housing with manufactured housing, for example). However, additions may be approved by the HCD Program when required by Codes/Ordinances or to alleviate overcrowding. **(See Attachment C)**

Temporary relocation benefits must be planned for and budgeted into the total allowable subsidy for the project, but if required would be in the form of a grant.

Depending on the outcome of the Statutory Worksheet (Environmental test), a reconstructed project may require Authority from the state before funds are committed to the project.

Allowable rehabilitation/reconstruction costs include:

- A. Cost of building permits and other related government fees.
- B. Cost of architectural, engineering, and other consultant services which are directly related to the rehabilitation of the property.
- C. For CDBG and CalHome, costs associated with the repair, replacement, or abandonment of domestic water wells and/or associated costs (such as water pump lowering).
- D. Rehabilitation or Replacement of a manufactured home not on a permanent foundation. Rehabilitation of a manufactured home may include the replacement of the unit with a used manufactured home and the cost to repair it, as long as the unit has been occupied and not used as a demonstration model. Should the unit meet the criteria for reconstruction a new manufactured home can be used for replacement and all cost associated with the purchase and transportation can be added to the loan. For CalHome and CDBG, manufactured housing on permanent foundations may be replaced by stick built structures. For CalHome and CDBG, manufactured housing on permanent foundations may be replaced by stick built structures.

CalHome requires the following for manufactured housing/mobile home to stick built replacements:

- 1) Verification that the owner of the mobile home is also the landowner. The registration certificate and a preliminary title report must be submitted with the borrower summary package. Any past due registration fees must be paid.
 - 2) Provide written justification as to why the mobile home is being replaced and not repaired.
 - 3) Ensure the new structure is "reasonable" for the size of the current household.
- E. Owner-occupied rehabilitation activity delivery fees, pursuant to Section 7733(f), as reimbursement to the Sponsor for the actual costs of services rendered to the homeowner that

are incidentally but directly related to the rehabilitation work (e.g. planning, engineering, construction management, including inspections and work write-ups). Activity delivery fees are considered part of the total financing; however, are not part of the loan to the borrower.

- F. Rehabilitation will address the following issues in the order listed. Eligible costs are included for each item.

1) Health and Safety Issues

Eligible costs include, but are not limited to, energy-related improvements, lead-based paint hazard evaluation and reduction activities, improvements for handicapped accessibility, repair or replacement of major housing systems. A driveway may be considered part of rehabilitation if it is determined to be a health and safety issue. Note -- CalHome energy-related improvements must be done in conjunction with a related and CalHome eligible repair.

2) Code and Regulation Compliance

Eligible costs include, but are not limited to, additional work required to rehabilitate and modernize a home, and bring it into compliance with current building codes and regulations. Painting and weatherization are included.

3) Demolition

Eligible costs include, but are not limited to, the tear down and disposal of dilapidated structures when they are a part of the reconstruction of an affordable housing unit. If a garage or carport is detached, it may not be rehabilitated but may be demolished, if it is determined to be a health and safety issue.

4) Upgrades

Eligible costs include additional bedrooms and bathrooms if the need can be demonstrated per HUD's or Sponsor's overcrowding guidelines. **(See Attachment C)**. The Program will not fund additions to a home for a den or family room, or for any luxury items.

5) General Property Improvements

General property improvements may include replacement of a stove, oven, refrigerator, dishwasher; and/or garbage disposal; and repair or installation of fencing. Items such as refrigerators, stoves, and dishwashers that are not built in may be replaced only due to incipient failure, or documented medical condition of the homeowner, and must be of moderate quality. Luxury items (e.g., granite countertops) and certain free standing appliances (i.e., washers and dryers) are not allowed.

For HOME and CalHome, replacement of a refrigerator is not allowed. For CalHome, repair or installation of fencing is not allowed.

All improvements must be physically attached to the property and permanent in nature. Non-code property improvements (fencing, landscaping, driveway, etc.) will be *limited to 15 percent* of the rehabilitation financing amount. (Note – CalHome funds generally may not be used for non-code property improvements.) Any cash contribution by the property owner will be considered a general property improvement and be included in this percentage.

6) Rehabilitation Standards

All repair work related to health and safety conditions will meet Local Building Code standards. The priority will be the elimination of health and safety hazards and code compliance.

6.3. ELIGIBLE PROJECT COSTS/ACTIVITY DELIVERY COSTS

Examples of eligible project related costs for all expenses related to the paperwork for processing and insuring a loan application are listed below. For HOME, these costs are considered activity delivery costs and may not be charged to the homeowner's loan.

- Appraisal
- Property Report/Title Insurance
- Building Plan
- Termite Report
- Land Survey
- Grading Plan
- Recording Fees
- Flood Insurance, as applicable (not allowed with CalHome or HOME funds)

Costs are based on charges currently incurred by the Sponsor, or the Program Operator, for these products and/or services. For CDBG and CalHome, any cost increases charged to the Sponsor/Program Operator for these products and/or services will be passed on to the homeowner and included in the loan. All fees are subject to change and are driven by the market.

6.4. REPAIR CALLBACKS

Contractors will comply with State law regarding all labor and material warranties. All labor and material shall meet FHA minimum specifications.

7.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

7.1. AMENDMENTS

The Sponsor may make amendments to these Participant Guidelines. Any changes made shall be in accordance with federal and state regulations, shall be approved by the Sponsor's Loan Committee and/or local governing body and submitted to HCD for approval.

7.2. EXCEPTIONS

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would be an exception.

7.2.1 PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

- A. The Sponsor or its Program Operator may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Sponsor's/Program Operator's recommended course of action and any written or verbal information supplied by the applicant.
- B. The Sponsor shall make a determination of the exception based on the recommendation of the Program Operator. The request can be presented to the Sponsor's loan committee and/or governing body for decision.

8.0. DISPUTE RESOLUTION AND APPEALS PROCEDURES**8.1. PROGRAM COMPLAINT AND APPEAL PROCEDURE**

Complaints concerning the Sponsor's Rehabilitation Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the Sponsor. The Sponsor will then schedule a meeting with the Sponsor's Loan Review Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the committee's decision, a request for an appeal may be filed with the local governing body. Final appeal may be filed in writing with HCD within one year after denial or the filing of the Project Notice of Completion.

8.2. GRIEVANCES BETWEEN PARTICIPANTS AND CONSTRUCTION CONTRACTOR

Contracts signed by the contractor and the participant include the following clause, which provides a procedure for resolution of grievances:

Any controversy arising out of or relating to this Contract, or the breach thereof, shall be submitted to binding arbitration in accordance with the provisions of the California Arbitration Law, Code of Civil Procedure 1280 et seq., and the Rules of the American Arbitration Association. The arbitrator shall have the final authority to order work performed, to order the payment from one party to another, and to order who shall bear the costs of arbitration. Costs to initiate arbitration shall be paid by the party seeking arbitration. Notwithstanding, the party prevailing in any arbitration proceeding shall be entitled to recover from the other all attorney's fees and costs of arbitration.

ATTACHMENT A**24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS – FOR HOME & CDBG****Part 5 Inclusions**

This table presents the Part 5 income inclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

| General Category | (Last Modified: January 2005) |
|---|---|
| 1. Income from wages, salaries, tips, etc. | The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services. |
| 2. Business Income | The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family. |
| 3. Interest & Dividend Income | Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. |
| 4. Retirement & Insurance Income | The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except for certain exclusions, listed in Income Exclusions, number 14). |
| 5. Unemployment & Disability Income | Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, listed in Income Exclusions, number 3). |
| 6. Welfare Assistance | <p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus: • the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage. |
| 7. Alimony, Child Support, & Gift Income | Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling. |
| 8. Armed Forces Income | All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions). |

Part 5 exclusions

This table presents the Part 5 income exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

| General Category | (Last Modified: January 2005) |
|-------------------------------------|---|
| 1. Income of Children | Income from employment of children (including foster children) under the age of 18 years. |
| 2. Foster Care Payments | Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone). |
| 3. Inheritance and Insurance Income | Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except for certain exclusions, listed in Income Inclusions, number 5). |
| 4. Medical Expense Reimbursements | Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member. |
| 5. Income of Live-In Aides | Income of a live-in aide (as defined in 24 CFR 5.403). |
| 6. Income from a Disabled Member | Certain increase in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671 (a)). |
| 7. Student Financial Aid | The full amount of student financial assistance paid directly to the student or to the educational institution. |
| 8. "Hostile Fire" Pay | The special pay to a family member serving in the Armed Forces who is exposed to hostile fire. |
| 9. Self-Sufficiency Program Income | <ul style="list-style-type: none"> a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time. e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program. |
| 10. Gifts | Temporary, nonrecurring, or sporadic income (including gifts). |
| 11. Reparation Payments | Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. |
| 12. Income from Full-time Students | Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse). |
| 13. Adoption Assistance Payments | Adoption assistance payments in excess of \$480 per adopted child. |
| 14. Social Security & SSI Income | Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts. |
| 15. Property Tax Refunds | Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit. |
| 16. Home Care Assistance | Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home. |
| 17. Other Federal Exclusions | <p>Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:</p> <ul style="list-style-type: none"> ▶ The value of the allotment provided to an eligible household under the Food Stamp Act of 1977; |

- ▶ Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- ▶ Payments received under the Alaskan Native Claims Settlement Act;
- ▶ Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
- ▶ Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;
- ▶ Payments or allowances made under the Department of Health and Human Services' Low-income Home Energy Assistance Program.
- ▶ Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- ▶ The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;
- ▶ Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs;
- ▶ Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- ▶ Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- ▶ Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- ▶ The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
- ▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps).
- ▶ Payments by the Indians Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- ▶ Allowances, earnings, and payments to AmeriCorps participants under the National and Community Services Act of 1990;
- ▶ Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- ▶ Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and
- ▶ Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

ATTACHMENT A-1**Title 25 Section 6914 Gross Income Inclusions – For CalHome activities**

“Gross income” shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income.

“Income” shall consist of the following:

- (a) Except as provided in subdivision (b), “Exclusions”, all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:
 - (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
 - (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
 - (3) Interest and dividends;
 - (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
 - (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay;
 - (6) Public Assistance. If the public assistance payment includes any amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
 - (7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts from persons not residing in the dwelling;

All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse.

Title 25 Section 6914 Gross Income Exclusions

- (b) The following items shall not be considered as income:
- (1) Casual, sporadic or irregular gift items;
 - (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
 - (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
 - (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans, not used for the above purposes of which are available for subsistence are to be included in income;
 - (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
 - (6) Relocation payments made pursuant to federal, state, or local relocation law;
 - (7) Foster child care payments;
 - (8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is an excess of the amount actually charged the eligible household;
 - (9) Payments received pursuant to participation of the following volunteer programs under the ACTION Agency:
 - (A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (B) National Older American Volunteer Program for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

ATTACHMENT B

PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS

This table presents the Part 5 asset inclusions and exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

Statements from 24 CFR Part 5 – Last Modified: January 2005

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

ATTACHMENT C**HOME MAXIMUM PURCHASE PRICE / AFTER-REHAB VALUE LIMIT****HOME Program Limits as of 4/13/15**

| COUNTY NAME | Existing |
|-------------|-----------|
| TULARE | \$173,000 |

CALHOME MAXIMUM SALES PRICE / VALUE LIMIT

For homes assisted with a CalHome Program loan, the maximum allowable sales price or the maximum after-rehab value of a home shall be set at 100% of the current median sales price of a single family home in the County in which the CalHome Program is located. The source of the data for the maximum sales price/value limits that will be used will be the FHA 203(b) one-family limits.

HOME SUBSIDY LIMITS PER UNIT – SECTION 221(d)(3) FOR TULARE COUNTY

(Limits are effective 5/8/12)

| COUNTY NAME | 0 Bedroom | 1-Bedroom | 2-Bedroom | 3-Bedroom | 4-Bedroom |
|-------------|-----------|-----------|-----------|-----------|-----------|
| TULARE | \$121,745 | \$139,563 | \$169,708 | \$219,546 | \$240,994 |

CURRENT INCOME LIMITS FOR THE AREA (FOR CDBG/HOME)

(Limits are effective 5/1/14)

| | <i>Number of Persons in Household</i> | | | | | | | |
|------------|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 80% of AMI | \$32,100 | \$36,700 | \$41,300 | \$45,850 | \$49,550 | \$53,200 | \$56,900 | \$60,550 |

CURRENT INCOME LIMITS FOR THE AREA (FOR CALHOME)

(Limits are effective 2/28/14)

| | <i>Number of Persons in Household</i> | | | | | | | |
|------------|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 80% of AMI | \$32,450 | \$37,050 | \$41,700 | \$46,300 | \$50,050 | \$53,750 | \$57,450 | \$61,150 |

*Sponsor will insert the limits for the county in which the Program is located, and will update the income limits annually as HCD provides new information. The link to the official, HCD-maintained, income limits is: <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>

SPONSOR STANDARDS FOR BEDROOM AND BATHROOM ADDITIONS TO ALLEVIATE OVERCROWDING

| Maximum No. of Persons in the Household | Number of Bedrooms | Number of Bathrooms |
|--|---------------------------|----------------------------|
| 1 | SRO | 1 |
| 1 | 0-BR | 1 |
| 2 | 1-BR | 1 |
| 4 | 2-BR | 2 |
| 6 | 3-BR | 2 |
| 8 | 4-BR | 3 |
| 10 | 5-BR | 3 |
| 12 | 6-BR | 4 |

- Opposite sex children under 6 years of age may share a bedroom, up to 2 children per bedroom.
- Opposite sex children 6 years of age and older may have their own bedroom.
- Children shall be permitted a separate bedroom from their parents.
- Same sex children of any age may share a bedroom, up to 2 children per bedroom.
- Adults not in a partner relationship may have their own bedroom.
- 4 or more people – a second bathroom may be added.
- 8 or more people – a third bathroom may be added.
- Same rules apply to mobile home units.

The chart above is used as a guide to overcrowding.

ATTACHMENT D**HOUSING REHABILITATION MARKETING PLAN****SUMMARY**

The Sponsor will continue its efforts to market the Housing Rehabilitation Program in a manner that will reach all community members.

All marketing related to the Housing Rehabilitation Program is publicized in both English and Spanish. All marketing materials include information identifying the Sponsor's commitment to fair housing laws and affirmative marketing policy, and are widely distributed. Equal opportunity is emphasized in written materials and oral presentations. A record is maintained by the Sponsor identifying what marketing materials are used, and when and where they are distributed.

Forms of marketing may include fliers, brochures, newspaper ads, articles and public service announcements. Fliers and brochures are distributed at local government buildings, other public buildings and through the mail, as well as to businesses that assist those not likely to apply without special outreach. Advertisements and articles are published in newspapers that are widely circulated within the community.

Established working relationships with local lending agencies also aid in informing the public by facilitating the distribution of informational fliers to households seeking financial assistance for repairs that are unable to obtain conventional financing.

Informational meetings are offered to potential participants to explain Program requirements. Often, minimal formal outreach efforts are required as the need for assistance generally exceeds funds available. However, marketing measures are actively performed in order to maintain a healthy interest list.

Characteristics on all applicants and participants are collected and compared with the Sponsor's demographics. Should the Sponsor find that there are underserved segments of the population, a plan to better serve them will be developed and implemented.

MARKETING FORMS

- Fliers
- Brochures
- Newspaper Ads and Articles
- Public Service Announcements
- Public Informational Meetings

MARKETING VENUES

- Local Government Buildings
- Local Public Services Buildings
- Private Businesses
- Lending Agencies
- Real Estate Offices
- Newspaper
- Radio
- Mail

ATTACHMENT E**RESIDENTIAL ANTI-DISPLACEMENT AND TEMPORARY RELOCATION PLAN
Version 2**

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require all grantees of Community Development Block Grant (CDBG) funds or Home Investment Partnership (HOME) funds to follow a written Residential Anti-displacement and Relocation Assistance Plan (Plan) for any activities which could lead to displacement of occupants whose property is receiving funds from these or other federal funding source. Having been developed in response to both aforesaid federal legislations, this Plan is intended to inform the public of the compliance of the City of FARMERSVILLE (Sponsor) with the requirements of federal regulations 24 CFR 570.606 under state recipient requirements and Section 104(d) of the Housing and Community Development Act of 1974 and 24 CFR 92 of the HOME federal regulations. The Plan will outline reasonable steps, which the Sponsor will take to minimize displacement and ensure compliance with all applicable federal and state relocation requirements. The Sponsor's governing body has adopted this plan via a formal resolution.

This Plan will affect rehabilitation activities funded by the U.S. Department of Housing and Urban Development (HUD) under the following Program titles: HOME, CDBG, Urban Development Action Grant (UDAG), Special Purpose Grants, Section 108 Loan Guarantee Program, and such other grants as HUD may designate as applicable, which take place within the Sponsor's jurisdiction limits.

The Sponsor will provide permanent relocation assistance to all eligible "displaced" households either owner occupied or rental occupied units which are permanently displaced by the housing rehabilitation Program (**See Section E below.**). In addition, the Sponsor will replace all eligible occupied and vacant occupiable low income group dwelling units demolished or converted to a use other than low income group housing as a direct result of rehabilitation activities. This applies to all units assisted with funds provided under the Housing and Community Development Act of 1974, as amended, and as described in the Federal Regulations 24 CFR 570.496(a), Relocation, Displacement and Acquisition: Final Rule dated July 18, 1990 (Section 104(d)) and 49 CFR Part 24, Uniform Relocation Assistance (URA) and Real Property Acquisition Regulations Final Rule and Notice (URA) dated March 2, 1989.

All Sponsor Programs/projects will be implemented in ways consistent with the Sponsor's commitment to Fair Housing. Participants will not be discriminated against on the basis of race, color, religion, age, ancestry, national origin, sex, familial status, or handicap. The Sponsor will provide equal relocation assistance available 1) to each HUD Low/Mod household displaced by the demolition or rehabilitation of housing or by the conversion of a HUD Low/Mod dwelling to another use as a direct result of assisted activities; and 2) to each separate class of HUD Low/Mod persons temporarily relocated as a direct result of activities funded by HUD Programs.

A. Minimizing Permanent Displacement and Temporary Relocation Resulting from Housing Rehabilitation or Reconstruction Activities

Consistent with the goals and objectives of activities assisted under the Act, the Sponsor will take the following steps to minimize the displacement of persons from their homes during housing rehabilitation or reconstruction funded by HUD Programs:

1. Provide proper notices with counseling and referral services to all tenants so that they understand their relocation rights and receive the proper assistance. When necessary, assist permanently displaced persons to find alternate housing in the neighborhood.

2. Stage rehabilitation of assisted households to allow owner occupants and/or tenants to remain during minor rehabilitation.
3. Encourage owner investors to temporarily relocate tenants to other available safe and sanitary vacant units on the project site area during the course of rehabilitation or pay expenses on behalf of replaced tenants.
4. Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.
5. When necessary, use public funds, such as CDBG funds, to pay moving costs and provide relocation/displacement payments to households permanently displaced by assisted activities.

B. Lead Based Paint Mitigation Which Causes Temporary Relocation:

On September 15, 2000, the Final Rule for Lead Based Paint Hazard Control went into effect. Among other things, it requires that federally-funded rehabilitation must use safe work practices so that occupants and workers can be protected from lead hazards. **At no time should the tenant-occupant(s) be present in work areas or designated adjacent areas while LHC activities are taking place in any dwelling unit interior, common area, or exterior.** As such, occupants may not be allowed to remain in their units during the time that lead-based paint hazards are being created or treated. Once work that causes lead hazards has been completed, and the unit passes clearance, the occupants can return. **The tenant-occupants may not reoccupy a work area or adjacent area until post-lead hazard reduction clearance standards have been achieved and verified with laboratory results.** The final rule allows for certain exceptions: Programs:

1. The work will not disturb lead-based paint, or create dust-lead or soil-lead hazard; or
2. The work is on exterior only and openings are sealed to prevent dust from entering the home, the work area is cleaned after the work is completed, and the residents have alternative lead free entry; or
3. The interior work will be completed in one period of less than 8-daytime hours and the work site is contained to prevent the release of dust into other areas of the home; or
4. The interior work will be completed within five (5) calendar days, the work site is contained to prevent the release of dust, the worksite and areas within 10 feet of the worksite are cleaned at the end of each day to remove any visible dust and debris, and the residents have safe access to kitchen and bath and bedrooms.

If temporary relocation assistance is not provided because the Sponsor believes that the project meets one of the above criteria, then proper documentation must be provided in the rehabilitation project file to show compliance. It is up to the Sponsor to ensure that the owner occupant or tenant in the project does not get impacted by lead paint mitigation efforts. In most cases where lead paint mitigation is taking place, occupants (tenants or owners) will be strongly encouraged to relocate even for just a few days until a final lead clearance can be issued by a certified lead based paint assessor. Occupants who are temporarily relocated because of lead based paint mitigation are entitled to the same relocation assistance as those who are relocated because of substantial rehabilitation or reconstruction activities.

C. Temporary Relocation of Owner Occupants:

Owner occupants are not allowed to stay in units which are hazardous environments during lead based paint mitigation. When their home is having lead based paint mitigation work done which will not make it safe to live in, then they are eligible for temporary relocation assistance up to \$5,000, which will be provided as a grant. In

the same way, a unit requiring substantial rehabilitation (with or without lead based paint mitigation) which will not allow the family to access a bath or kitchen facility, or if the unit is being demolished and reconstructed, then the family will be eligible for temporary relocation assistance up to \$5,000, which will be provided as a grant.

The housing rehabilitation loan specialist and/or the rehabilitation construction specialist will complete a temporary relocation assistance form (**See Appendix C**) to document that the owner occupant understands that they must relocate during the course of construction and what expenses they wish to be reimbursed for as part of their relocation. Relocation Assistance is a reimbursement of actual expenses and must be supported by invoices. In addition, all relocation costs must be allocable and reasonable. Multiple options related to moving expenses and rental units will be explored and the lowest cost option will be selected. Owner occupants are encouraged to seek free moving assistance. If free assistance is not available, the owner occupant's family and friends can be reimbursed as long as documentation exists in the participant file showing the cost to be less than the alternatives (i.e., moving company, moving/storage pod, etc.). Relocation for a rental unit will be based on reasonableness of accommodations and market rents.

At the time of doing the work write-up, the Sponsor and Owner occupant will estimate the cost for temporary relocation. If unforeseen circumstances make it appear that the estimated amount will not cover the cost of temporary relocation, written change orders will be required. The change order will state the change and dollar value for the change. The change order must be signed by both the contractor and the Owner occupant, and submitted to the Program Operator for approval. If the change order exceeds the approved grant amount, a report and request for additional Temporary Relocation grant funds may be presented to the Sponsor's Loan Review Committee for approval prior to the Program Operator signing-off on the change order.

D. Temporary Relocation of Residential Tenants:

If continued occupancy during rehabilitation is judged to constitute a substantial danger to health and safety of the tenant or the public, or is otherwise undesirable because of the nature of the project, the tenant may be required to relocate temporarily. The contract administrator or rehabilitation specialist will make determination of the need for temporary relocation. The temporary relocation period will not exceed 180 days. All conditions of temporary relocation will be reasonable. Any tenant required to relocate temporarily will be helped to find another place to live which is safe, sanitary and of comparable value and they have the first right to move back into the original unit being rehabilitated at the same rent or lower. He or she may move in with family and friends and still receive full or partial temporary assistance based on eligible cost incurred. The housing rehabilitation loan specialist and/or the rehabilitation specialist will ensure that each tenant-occupied unit under the Program will receive a General Information Notice (GIN) (as soon as possible after a loan application is received) and the tenant will receive a Notice of Non-displacement (after loan approval), and each tenant-occupied unit will have a temporary relocation assistance form completed for them. (**See Appendix C**). These notices will document that each tenant understands what their relocation rights are, and if they must relocate during the course of construction, that they receive the proper counseling and temporary relocation assistance.

A tenant receiving temporary relocation shall receive the following:

1. Increased housing costs (e.g. rent increase, security deposits) and
2. Payment for moving and related expenses, as follows:
 - a. Transportation of the displaced persons and personal property within 50 miles, unless the grantee determines that farther relocation is justified;

- b. Packing, crating, unpacking, and uncrating of personal property;
- c. Storage of personal property, not to exceed 12 months, unless the grantee determines that a longer period is necessary;
- d. Disconnection, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property;
- e. Insurance for the replacement value of personal property in connection with the move and necessary storage;
- f. The replacement value of property lost, stolen or damaged in the process of moving (not through the fault of the displaced person, his or her agent, or employee) where insurance covering such loss, theft or damage is not reasonably available;
- g. Reasonable and necessary costs of security deposits required to rent the replacement dwelling;
- h. Any costs of credit checks required to rent the replacement dwelling;
- i. Other moving related expenses as the grantee determines to be reasonable and necessary, except the following ineligible expenses:
 - 1) Interest on a loan to cover moving expenses; or
 - 2) Personal injury; or
 - 3) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the Grantee; or
 - 4) Costs for storage of personal property on real property already owned or leased by the displaced person before the initiation of negotiations.

E. Rehabilitation Activities Requiring Permanent Displacement

The Sponsor's rehabilitation Program will not typically trigger permanent displacement and permanent displacement activities fall outside of the scope of this plan. If a case of permanent displacement is encountered, then the staff responsible for the rehabilitation Program will consult with Sponsor's legal counsel to decide if they have the capacity to conduct the permanent displacement activity. If local staff does not have the capacity, then a professional relocation consultant will be hired to do the counseling and assistance determination and implementation. If local staff does wish to do the permanent displacement activity then they will consult and follow the HUD Relocation Handbook 1378.

F. Rehabilitation Which Triggers Replacement Housing

If the Sponsor's rehabilitation Program assists a property where one or more units are eliminated then under Section 104 (d) of the Housing and Community Act of 1974, as amended applies and the Sponsor is required to replace those lost units. An example of this would be a duplex unit which is converted into a single family unit. In all cases where rehabilitation activities will reduce the number of housing units in the jurisdiction, then the Sponsor must document that any lost units are replaced and any occupants of reduced units are given permanent relocation assistance. (This does not apply to reconstruction or replacement housing done under a rehabilitation Program where the existing unit(s) is demolished and replaced with a structure equal in size without the loss in number of units or bedrooms.)

Replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the Sponsor to provide funds for an activity that will

directly result in such demolition or conversion, the Sponsor will make this activity public (through a noticed public hearing and/or publication in a newspaper of general circulation) and submit to the California Department of Housing and Community Development or the appropriate federal authority the following information in writing:

1. A description of the proposed assisted activity;
2. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as HUD Low-Mod dwelling units as a direct result of the assisted activity;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units;
5. The source of funding and a time schedule for the provision of the replacement dwelling units;
6. The basis for concluding that each replacement dwelling unit will remain a HUD Low/Mod dwelling unit for at least 10 years from the date of initial occupancy; and,
7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a two-bedroom unit with two one-bedroom units) is consistent with the housing needs of HUD Low/Mod households in the jurisdiction.

The Program Operator for the Sponsor is responsible for tracking the replacement of housing and ensuring that it is provided within the required period. The Sponsor is responsible for ensuring requirements are met for notification and provision of relocation assistance, as described in Section 570.606, to any HUD Low/Mod households displaced by the demolition of any dwelling unit or the conversion of a HUD Low/Mod dwelling unit to another use in connection with an assisted activity.

G. Record Keeping and Relocation Disclosures/Notifications

The Sponsor will maintain records of occupants of federally funded rehabilitated, reconstructed or demolished property from the start to completion of the project to demonstrate compliance with section 104(d), URA and applicable Program regulations. Each rehabilitation project, which dictates temporary or permanent or replacement activities, will have a project description and documentation of assistance provided. (See sample forms in HUD Relocation Handbook 1378, Chapter 1, Appendix 11, form HUD-40054)

Appropriate advisory services will include reasonable advance written notice of (a) the date and approximate duration of the temporary relocation; (b) the address of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period; (c) the terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling.

Notices shall be written in plain, understandable primary language of the persons involved. Persons who are unable to read and understand the notice (e.g. illiterate, foreign language, or impaired vision or other disability) will be provided with appropriate translation/communication. Each notice will indicate the name and telephone number of a person who may be contacted for answers to questions or other needed help. The notices and process below is only for temporary relocation. If permanent relocation is involved, then other sets of notice,

noticing process, and relocation assistance must be applied. (See HUD relocation handbook 1378 for those forms and procedures.) The Temporary Relocation Advisory Notices to be provided are as follows:

1. General Information Notice: As soon as feasible when an owner investor is applying for Federal financing for rehabilitation, reconstruction, or demolition, the tenant of a housing unit will be mailed or hand delivered a General Information Notice that the project has been proposed and that the tenant will be able to occupy his or her present house upon completion of rehabilitation. The tenant will be informed that the rent after rehabilitation will not exceed current rent or 30 percent of his or her average monthly gross household income. The tenant will be informed that if he or she is required to move temporarily so that the rehabilitation can be completed, suitable housing will be made available and he or she will be reimbursed for all reasonable extra expenses. The tenant will be cautioned that he or she will not be provided relocation assistance if he or she decides to move for personal reasons. **See Appendix A for sample notice to be delivered personally or by certified mail.**
2. Notice of Non Displacement: As soon as feasible when the rehabilitation application has been approved, the tenant will be informed that they will not be permanently displaced and that they are eligible for temporary relocation assistance because of lead based paint mitigation or substantial rehabilitation, or reconstruction of their unit. The tenant will also again be cautioned not to move for personal reasons during rehabilitation, or risk losing relocation assistance. **See Appendix B for sample notice to be delivered personally or by certified mail.**
3. Disclosure to Occupants of Temporary Relocation Assistance: This form is completed to document that the Sponsor is following its adopted temporary relocation plan for owner occupants and tenants. **See Appendix C for a copy of the disclosure form.**
4. Other Relocation/Displacement Notices: The above three notices are required for temporary relocation. If the Sponsor is attempting to provide permanent displacement assistance then there are a number of other forms which are required. Staff will consult HUD's Relocation Handbook 1378 and ensure that all the proper notices are provided for persons who are permanently displaced as a result of housing rehabilitation activities funded by CDBG or other federal Programs.

APPENDIX A

Dear _____,

On (date), (property owner) submitted an application to the _____ for financial assistance to rehabilitate the building which you occupy at (address).

This notice is to inform you that, if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal assistance is provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because Federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact (name), (title), at (telephone number), (address).

Sincerely,

(name)

(title)

APPENDIX B

(date)

Dear _____:

On (date), we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On (date), the owner's request was approved, and the repairs will begin soon.

This is a notice of non-displacement. You will not be required to move permanently as a result of the rehabilitation. This notice guarantees you the following:

1. You will be able to lease and occupy your present apartment [or another suitable, decent, safe and sanitary apartment in the same building/complex] upon completion of the rehabilitation. Your monthly rent will remain until after construction is completed. If increased after construction is done, your new rent and estimated average utility costs will not exceed local fair market rents for your community. Of course, you must comply with all the other reasonable terms and conditions of your lease.
2. If you must move temporarily so that the repairs can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you have any questions, please contact (name), (title), at (phone #), (address). Remember; do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

(name and title)

APPENDIX C**DISCLOSURE TO OCCUPANT OF TEMPORARY RELOCATION ASSISTANCE***Top to be completed at time of loan application submittal or Home Visit*

Property Address: _____
 ___ Rental Unit ___ Owner/Occupied Unit

The rehabilitation loan specialist working on behalf of the City/County of _____
 has explained the temporary relocation services and assistance available under the current rehabilitation Program relocation plan.

I/we have been advised that the City/County of _____ rehabilitation construction specialist will inform me if I need to be temporarily relocated and will to assist me with scheduling any necessary moves and answer any questions about assistance as needed.

Acknowledged:

 Occupant Signature Date Occupant Signature Date

Complete this at time of acceptance of Work Write Up with initials by occupant

The rehabilitation construction specialist for the City/County of _____
 has explained the Rehabilitation Scope of Work for our house and I/we agree that it will:
 ___ Not require I/we to be relocated. (If initialed then STOP here and sign bottom.)
 ___ Yes, I/we need to be temporarily relocated. (Complete rest of form if initialed.)

Start date and duration of relocation:

___ Starting on or about _____ we will move for all or part of the rehabilitation project.
 ___ Approximate length of temporary relocation: _____ Number of days.

For temporary relocation, I/We elect to (check all that apply):

___ Relocate with friends and family.
 ___ Relocate into a suitable temporary housing unit identified by rehab specialist.
 ___ Relocate furnishings only into a temporary storage unit.

___ I/We have been told what our relocation assistance is and elect **Not** to be reimbursed for any eligible relocation expenses.

___ I/We have been told what our relocation assistance is and want to be reimbursed for: _____

By signing, occupant(s) acknowledge receipt of copy of this form:

 Occupant Signature Date Occupant Signature Date

ATTACHMENT F**LOAN SERVICING POLICIES AND PROCEDURES
FOR THE CITY OF FARMERSVILLE**

The City of Farmersville, hereafter called "Sponsor," has adopted these policies and procedures in order to preserve its financial interest in properties whose "Borrowers" have been assisted with public funds. The Sponsor will, to the greatest extent possible, follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Sponsor has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions that are associated with them.

The Sponsor may, at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program. For CalHome, the Sponsor must obtain prior approval from HCD and must provide HCD a copy of the contract.

The policies and procedures are broken down into the following areas: 1) making required monthly payments or voluntary payments on a loan's principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan; 8) the Sponsor as Senior Lienholder; and 9) processing of demands and payoffs.

1. Loan Repayments:

The Sponsor will collect monthly payments from those borrowers who are obligated to do so under Notes that are amortized promissory notes. Late fees will be charged for payments received after the assigned monthly due date.

For Notes that are deferred payment loans, the Sponsor must accept voluntary payments on the loan. Loan payments will be credited to principal. The borrower may repay the loan balance at any time with no penalty.

At time of completion, the funds expended on a housing unit will be compared to the Note amount. Any funds not expended at completion will be considered a "principal reduction" and will be applied to the principal loan balance thereby lowering the amount owed by the borrower. Borrowers will receive a closeout letter after the 30-day retention period indicating the amount of their Note, the credit, and the ending balance on their loan. A copy of this credit along with the final cost break-down will be retained in the borrowers file.

The State HOME Program "HOME" has selected the Recapture option of ensuring the affordability of housing acquired by HOME-assisted homebuyers.

There is no affordability period in the Sponsor's Housing Rehabilitation Program; therefore, all payments and payoffs received are Program Income.

Recaptured funds and Program Income do not have to be expended on the same type of activity as that from which the funds were generated, but they are required to be expended on other HOME activities before any new HOME funds can be drawn down from the Treasury (24 CFR 504(c)(viii)).

Per Section 8208 of the State HOME regulations, no additional HOME assistance, including rehabilitation funds, may be provided during the period starting one year following the filing of the Project Completion Report through the end of the affordability period. Note – This does not apply to CDBG and CalHome assistance.

For HOME-assisted loans approved by the Sponsor under the First-Time Homebuyer Program, the HOME Affordability Period is as follows (amount does not include Activity Delivery Costs paid to the State Recipient by HCD):

| Amount of HOME Assistance | Period of Affordability in Years |
|----------------------------------|---|
| Under \$15,000 | 5 years |
| \$15,000 to \$40,000 | 10 years |
| Over \$40,000 | 15 years |

2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Sponsor as loss payee in first position or additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the Sponsor may take out force placed insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower's new insurance.

When a property is located in a 100-year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance naming the Sponsor as additional insured will be required at close of escrow. The Sponsor must verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes, the Sponsor may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the Sponsor encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Sponsor's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Sponsor's loan. This document requires any senior lienholder listed in the notice to notify the Sponsor of initiation of a foreclosure action. The Sponsor will then have time to contact the Borrower and assist them in bringing the first loan current, if possible. The Sponsor can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Sponsor is in a third position and receives notification of foreclosure from only one senior lienholder, it is in their best interest to contact any other senior lienholders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

On some owner-occupant loans, the Sponsor will require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. Other loans may have income and housing cost evaluations, which require a household to document that they are not able to make repayments, typically every five years. These loan terms are incorporated in the original Note and Deed of Trust.

Continued residency is monitored annually for the term of the loan. Occupancy will be verified, reviewed and certified by the submission of the following:

- A. Proof of occupancy in the form of a copy of a current utility bill; and
- B. Statement of unit's continued use as primary residence of the owner.
- C. Declaration that other title holders do not reside on the premises;
- D. Verification that Property Taxes are current; and
- E. Verification of current required insurance policies.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Sponsor in writing of any change. Sponsor, or its designated Loan Servicing Agent, and borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low-income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Sponsor. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI). Note – CalHome loans are not assumable.

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Sponsor's Loan Committee (depends on the HCD Program). Note – CalHome loans are not assumable.

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. If the heir intends to act as an owner-investor, and the loan was funded with CDBG funds, the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Sponsor's Loan Committee. Note – CalHome loans are not assumable.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Sponsor allow for a partial conversion where some of the residence is used for a business but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

For CalHome, the following transfers of interest shall not require the repayment of the CalHome Program loan:

- A. transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
- B. a transfer, in which the transferee is a person who occupies or will occupy the property, which is:
 - 1) a transfer where the spouse becomes an owner of the property;
 - 2) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
 - 3) a transfer into an inter vivos trust in which the borrower is and remains the beneficiary and occupant of the property.

6. Requests for Subordinations:

When a Borrower wishes to refinance their existing first mortgage, they must submit a subordination request to the Sponsor. The Sponsor will subordinate their loan only when there is no "cash out" as part of the refinance. No cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt payoffs or additional encumbrances on the property above traditional refinance transaction costs. The refinance should lower the existing housing cost of the household. The total indebtedness on the property should not exceed the current market value except when the borrower is obtaining a HARP II or other similar federally approved refinance loan. If the HARP II or other similar financing is approved and meets all other requirements, combined Loan-To-Value will not be considered when reviewing the subordination request.

Also, the loan must:

- A. be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA;
- B. not have a temporary interest rate buy-down;
- C. have a term "all due and payable" that matures prior to or concurrently with the maturity date of the Promissory Note. Therefore, the maturity date of the existing Promissory Note should be modified to coincide with the maturity date of the new first mortgage; and,

- D. not have a balloon payment due before the maturity date of the Program loan.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Sponsor.

7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non-payment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; or 4) default on senior loans; the Sponsor, or its designated Loan Servicing Agent, will send out a letter to the Borrower notifying them of the default situation. If the default situation continues, the Sponsor may start a formal process of foreclosure.

When a senior lienholder starts a foreclosure process and the Sponsor is notified via a Request for Notice of Default, the Sponsor, who is the junior lienholder, may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount or payoff amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges and fees to date. Sponsor must confer with Borrower to determine if, upon paying the senior lienholder current, the Borrower can provide future payments. If this is the case, then the Sponsor may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Sponsor determines, based on information on the reinstatement amount and status of borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lienholder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Sponsor does not have sufficient funds to pay the senior lienholder in full, then they may choose to cure the senior lienholder and foreclose on the property themselves. As long as there is sufficient value in the property, the Sponsor can afford to pay for the foreclosure process and pay off the senior lienholder and retain some or all of their investment.

If the Sponsor decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Sponsor fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Sponsor determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lienholder to complete foreclosure, the Sponsor's lien may be eliminated due to insufficient sales proceeds.

8. Sponsor as Senior Lienholder

When the Sponsor is first position as a senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Sponsor may consider foreclosure. Sponsor's staff will consider the following factors before initiating foreclosure:

- A. Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?

- B. Can the Borrower refinance with a private lender and pay off the Sponsor?
- C. Can the Borrower sell the property and pay off the Sponsor?
- D. Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- E. Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Sponsor may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Sponsor to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Sponsor should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Sponsor of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Sponsor informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Sponsor could sell the home themselves under a homebuyer Program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Sponsor could contract with a local real estate broker to list and sell the home and use those funds for Program income-eligible uses.

9. Process Demands and Payoffs:

Requests for demands and payoffs will be processed within the timeframe allowed by law. Sponsor or its designated Loan Servicing Agent is proficient in performing the related calculations. Reconveyance and lien releases would be prepared for processing by a qualified Title Company.

ATTACHMENT G**CITY OF FARMERSVILLE'S
FORECLOSURE POLICY****Sponsor As Junior Lienholder**

It is the City of Farmersville's (Sponsor's) policy to prepare and record a "Request for Notice" on all junior liens (any lien after the first position) placed on properties financed by a loan.

This document requires any senior lienholder to notify the Sponsor of initiation (recording of a "Notice of Default") of a foreclosure only. This is to alert the junior lienholder that they are to monitor the foreclosure with the senior lienholder. When the Sponsor is in a third position and receives notification of foreclosure from only one senior lienholder, it would be in their best interest to contact both senior lienholders regarding the status of their loans.

The junior lienholder may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges, advances (fire insurance premiums, property taxes, property protection costs, etc.), and foreclosure costs (fees for legal counsel, recordings, certified mail, etc.).

Once the Sponsor has the information on the reinstatement amount, staff must then determine if it is cost effective to protect their position by reinstating the senior lienholder, keeping them current by submitting a monthly payment thereafter, foreclosing on the property possibly resulting in owning the property at the end of foreclosure, protecting the property against vandalism, and paying marketing costs (readying the home for marketing, paying for yard maintenance, paying a real estate broker a sales commission).

If the Sponsor decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Sponsor fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Sponsor determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lienholder to complete foreclosure, the Sponsor's lien may be eliminated due to insufficient sales proceeds.

Sponsor As Senior Lienholder

When the Sponsor is in a first position, or the senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Sponsor may consider foreclosure. Sponsor staff will consider the following factors before initiating foreclosure:

- Can the loan be cured (brought current or paid off) by the owner without foreclosure?
- Can the owner refinance with a commercial lender and pay off the Sponsor?

- Can the owner sell the property and pay off the Sponsor?
- Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Sponsor may opt to initiate foreclosure. The owner must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Sponsor to prevent foreclosure (such as funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Sponsor should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Sponsor of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Sponsor informed of the progress of the foreclosure proceedings. When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Sponsor would then contact a real estate broker to market the home.

ATTACHMENT H
CERTIFICATION OF OCCUPANCY
CITY OF FARMERSVILLE

I/we _____ declare as follows:
(Please Print Occupant/Borrower's Name)

That I am currently occupying as my principal place of residence the
real property commonly known as:

(Address)

(City, State, Zip code)

Daytime Phone Number: _____

Executed on _____, 20____, at _____, CA
(Date) (City)

I declare under penalty of perjury that the foregoing is true and correct.

Signature of occupant/borrower:

Occupant/Borrower: _____

ATTACHMENT I

LEAD-BASED PAINT

VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

| | | | |
|---|--|--------------------------------------|---|
| Section 1: Background Information | | | |
| Property Address: | | | No LBP found or LBP exempt <input type="checkbox"/> |
| Select one: | Visual Assessment <input type="checkbox"/> | Presumption <input type="checkbox"/> | Hazard Reduction <input type="checkbox"/> |
| Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed. | | | |
| Visual Assessment Date: | | Report Date: | |
| Check if no deteriorated paint found <input type="checkbox"/> | | | |
| Attachment A: Summary where deteriorated paint was found. For multi-family housing, list at least the housing unit numbers and common areas and building components (including type of room or space, and the material underneath the paint). | | | |
| Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption. | | | |
| Date of Presumption Notice: | | | |
| Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint <i>hazards</i> are presumed to be present <input type="checkbox"/> | | | |
| Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present. | | | |
| Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed. | | | |
| Date of Hazard Reduction Notice: | | | |
| Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/> | | Start & Completion Dates: | |
| If "No", dates of previous Hazard Reduction Activity Notices: | | | |
| Attachment C: Activity locations and types. For multi-family housing, list at least the housing unit numbers and common areas (for multifamily housing), bare soil locations, dust-lead locations, and/or building components (including type of room or space, and the material underneath the paint), and the types of lead-based paint hazard reduction activities performed at the location listed. | | | |
| Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted. | | | |
| Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities) | | | |
| Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity and Acknowledgement of Receipt of pamphlet <i>Protection Your Family from Lead in Your Home</i>. | | | |
| Printed Name: | | Signature: | Date: |
| Section 6: Contact Information | | Organization: | |
| Contact Name: | | Contact Signature: | |
| Date: | Address: | Phone: | |

ATTACHMENT J

TEST FOR RECONSTRUCTION

Jurisdiction: _____ **Test Prepared By:** _____
Program: _____ **Date Submitted to HCD:** _____
Contract #: _____ **Date Received by HCD:** _____
HCD Rep: _____ **Representative Initial and Date:** _____
Manager Initial and Date: _____

Property Address

Part A

1. Does the structure meet the definition of a dwelling? Yes ☐ No ☐
 A dwelling must have cooking, eating, sleeping and sanitation facilities.
2. Is the site/lot/land owned by the homeowner? Yes ☐ No ☐
3. Is the structure presently occupied by the owner? (Provide proof) Yes ☐ No ☐
4. Is the structure a 5th wheeler? Yes ☐ No ☐

IF "NO" TO #1, #2 or #3, or "YES" to #4, STOP HERE. A Reconstruction is not authorized.

Consult your HCD Representative for possible exceptions.

IF YES TO BOTH QUESTIONS, PROCEED WITH PART B

Part B

1. Is the cost to reconstruct the structure less than the cost of Rehabilitating it? Yes ☐ No ☐
 (Provide documents showing cost estimates for each line item for both Rehab and Reconstruction)

IF YES, SUBMIT THIS COMPLETED FORM WITH THE REQUIRED BACKUP DOCUMENTS TO HCD

| <u>REHABILITATION</u> | (Be sure to include all costs for proposed changes, if any, to the number of bedrooms & bathrooms) | <u>RECONSTRUCTION</u> |
|-----------------------|--|-----------------------|
| | Est. Fair Market Value of the Land | |
| | Estimated Fees | |
| | Architectural/Engineering/Design | |
| | Relocation Costs | |
| | Lead Based Paint Abatement | |
| | Site Work | |
| | Demolition | |
| | Environmental Remediation | |
| | Structure Construction Costs | |
| | Other costs | |
| \$0 | TOTAL ESTIMATED COSTS | \$0 |

| | |
|---|------------------------------|
| Have you submitted this "Test" to another HCD Program? | |
| Yes: <input type="checkbox"/> | No: <input type="checkbox"/> |
| Is the structure in a flood plain? | |
| Yes: <input type="checkbox"/> | No: <input type="checkbox"/> |
| Is the proposed footprint the same as the existing footprint? | |
| Yes: <input type="checkbox"/> | No: <input type="checkbox"/> |

| | Current Structure | Proposed Structure |
|---|-------------------|--------------------|
| Sq. Footage of Structure: | _____ | _____ |
| Number of Bedrooms | _____ | _____ |
| Number of Bathrooms | _____ | _____ |
| Provide justification for any increases or decreases. | | |

ATTACHMENT K
HOUSING REHABILITATION/RECONSTRUCTION PROGRAM CONTRACTOR
GUIDELINES AND INFORMATION SHEET



SELF-HELP ENTERPRISES
Housing Rehabilitation/Reconstruction Program
Contractor Guidelines and Information Sheet

Introduction

The mission of Self-Help Enterprises (SHE) is to assist low-income families of the San Joaquin Valley to improve their living conditions.

The counties of the San Joaquin Valley contain the world's richest and most productive farm land. They also contain an astonishing quantity of inadequate, if not hazardous, housing. In particular, the people who provide the source of labor for the agricultural fields can find little except substandard housing in existing stock, and have insufficient income to qualify for standard new home loans. Similarly, the low income, elderly, and handicapped often find themselves trapped in substandard housing. Like the ghettos of America's large cities, housing available to rural low income residents of the valley remains a disgrace to one of the wealthiest of nations.

SHE appreciates your interest in improving the housing conditions of the low-income families in the San Joaquin Valley. It is our hope that together we can realize the dreams of safe and decent housing for the less fortunate in our community.

A. General Program Information

The aim of the Housing Rehabilitation/Reconstruction Program is to repair or replace houses making life-safety and sanitary upgrades under the standards of the California Building Code (CBC) and the requirements of the State and/or Federal funding sources.

To accomplish this, Self-Help Enterprises (SHE):

1. Assists the jurisdiction to apply for funds providing low-interest financing to eligible Owners so that they can afford to rehabilitate or reconstruct their home or rental unit;
2. Contracts with the jurisdiction to provide technical assistance for the financial and construction aspects of the program; and
3. Keeps jobs on schedule, running smoothly, and when problems arise, works with all parties to swiftly resolve those problems.

B. Work Standards

The work must meet all applicable building codes and be done in a competent manner. We expect professional quality. Everything must be functional, visually acceptable, and be built to last.

C. Contractor Eligibility

1. Contractors must be licensed in the State of California as a Class B General Contractor and their license must be in good standing with the Contractors' State Licensing Board;
2. California law requires Contractors have a minimum of \$1,000,000.00 liability insurance, worker's compensation, and a valid Contractor Bond. *Evidence of these must be provided prior to entering into a Construction Contract and insurance must be in force throughout the term of the Contract;*
3. Contractors listed on the Housing and Urban Development (HUD) debarred list are ineligible;

4. Contractors must complete an application;
5. Contractors may be asked to participate in project orientation; and
6. Contractors will receive an evaluation after every job.

D. Contractor Suspension/Elimination from Bid List

A Contractor will be moved to the Inactive Contractor List for the reasons identified below. If not permanently eliminated, a Contractor can submit a request to be reinstated to Active status upon correction of the issue or following the time period found in parenthesis by each reason.

1. Contractor fails to return the annual request for confirmation of interest in remaining on the Active Contractor List (Upon Receipt of Confirmation of Interest)
2. Contractor's license is no longer valid (Upon Proof of Correction)
3. Inability to acquire insurance (Upon Proof of Correction)
4. Failure to finish one or more jobs in the time specified in the Contract (One Year)
5. Failure to prove the knowledge and/or ability to perform the work required of any given Contract per the California Building Code (One Year AND Upon Proof of Correction)
6. Quality of work does not meet specifications in the Contract (One Year)
7. Failure to resolve legitimate complaints about the workmanship and/or materials (Permanent Elimination)
8. Evidence of financial problems (One Year AND Proof of Positive Credit/Credit Report)
9. Withdrawal of bids and/or failure to attend bid tours (Six Months)
10. Pressuring Owners to choose a specific Contractor; promising rebates, kickbacks, or additional work not included in the bid documents, or otherwise trying to circumvent the bid process in an unethical or illegal manner (Permanent Elimination)
11. Failure to disclose that the Contractor, or an employee of the Contractor, is the Owner of, or has a financial interest in, the property the Contractor is rehabilitating (Permanent Elimination)
12. Failure to comply with established jurisdiction guidelines and/or standards (Permanent Elimination)

E. Federal/State Requirements

The paperwork required (contracts, bid procedures, payment requisition, etc.) is designed to protect the Contractor's and Owner's interests, and it is far less complicated than the typical federally-funded project.

Three requirements to take note of are:

1. Equal opportunity laws govern the program. Discriminatory practices in the employment of individuals based on race, creed, color, gender, age, religion, or national origin are unacceptable;
2. No jurisdiction or SHE employee can have any direct or indirect financial interest in the work to be performed and cannot have any financial dealings with Contractors or Owners involved in the program; and
3. Neither a Contractor, nor their employee(s) can be the Owner of or have a financial interest in the property, except as an Owner-Builder.

F. Scope of Work

The Owner, working with SHE staff and jurisdiction inspectors, decides on the work. This is specified in the bid documents and any drawings needed.

G. Bid/Contractor Selection

When a home comes up for bid in the area(s) you requested, your name/company will be submitted with other contractors to the family for consideration. If the family selects your name, you will be contacted by a SHE Rehabilitation Specialist to attend a bid tour. Owners have the right to exclude Contractors

from the list without justification, and they may request that other qualified Contractors be added. Contractors will be notified via telephone and/or in writing (email, fax, etc.) at least one week prior to each bid tour.

1. Contractors must develop a proven performance record to be awarded multiple contracts. A Contractor develops a proven performance record upon completion of the following steps:
 - a. All new Contractors who have been awarded their first contract under the Housing Rehabilitation Programs operated by SHE are not eligible to receive additional contracts until the awarded contract is completed and job performance is evaluated by the jurisdiction's building official and SHE's Rehabilitation Construction Manager (see attached Contractor Job Performance Evaluation).
 - b. After completion and positive evaluation of the first contract, a Contractor may be awarded two contracts but will not be eligible to receive additional contracts until one or both of the two awarded contracts are completed and evaluated.
 - c. Following the completion of three, positively evaluated contracts, a Contractor is considered to have established a proven performance record. Once a Contractor establishes a proven performance record, that Contractor is eligible to bid and receive multiple contracts.
2. Contractors cannot submit a bid on any property in which they have a vested interest. Such a Contractor may act as an Owner-Builder, subject to standard construction procedures. (Owner-Builders are reimbursed for purchased materials which are verified by invoice/receipt and used on the job, but they are not reimbursed for labor. Reimbursement occurs after the work is completed, inspected by the Building Department as required/applicable, and verified by a SHE Rehabilitation Specialist).
3. Homeowners are encouraged to accept the lowest reasonable bid. Reasonableness is determined by comparing the bids received with the cost estimate prepared by the SHE Rehab Specialist. Bids should be within 10% of SHE's cost estimate.
4. The total bid amount is **non-confidential** and available for everyone to see. However, the itemized amounts for each part of the work required with the bid are **confidential**.
5. Construction Contract is between the Owner and Contractor. Neither the jurisdiction nor SHE is a party to the Contract. The Owner pays for all work specified in the Contract from the loan which he or she has received.

H. Change Orders

All changes in the scope of work must be in writing and approved by the Owner, Contractor, and SHE Rehab Specialist. No changes to the scope of work should be handled without a written change order. It is not a sound business practice. The Contractor has no guarantee of payment.

I. Loan Funds

Loan funds are safe. A construction account is established with SHE for each job. Before the job starts, the loan funds are on deposit. Since no money can be withdrawn without authorization by the Owner and review by SHE, you can be assured that funds are available to cover the amount of the Contract.

J. Payment

Contractor submits an invoice for a progress payment based on work completed. The invoice must be approved by the Owner and then inspected by SHE's Rehab Specialist prior to payment of the invoice. Generally a contractor will receive payment by mail within two (2) to three (3) weeks after submitting an invoice.

Ten Percent (10%) of each invoice will be withheld and paid to the Contractor thirty-five days after the Notice of Completion has been recorded and all paperwork has been submitted and pick up/punch list work completed.

We look forward to talking to you more about this opportunity. Please feel free to call the office if you would like more information.

Rich Aicklen
Manager – Housing Rehabilitation
559-802-1645

CONTRACTOR JOB PERFORMANCE EVALUATION INSTRUCTIONS

I. Introduction

Contractor performance is defined as how a contractor carries out the obligations of the contract. This includes all requirements stated in the contract scope of work and provisions, adherence to the budget or price and the provision of customer service. The purpose of this document is to establish a standardized process for Self-Help Enterprises (SHE) to identify, document, and communicate performance with contractors and other program, SHE, and City/County staff. The process used provides staff the ability to identify performance issues, if any, as they arise. The performance evaluation and rating process provides feedback to contractors with below standard, standard, and above standard performance.

Performance evaluations will occur at the end of the life of the contract, no later than 30 calendar days following the final walk-through, clearance of any punch list items, or submission of the contractor's final invoice, whichever occurs later. SHE will email or mail a copy of the results of the evaluation to the contractor for review and comment. The evaluation process is NOT a collaborative process between the contractor and staff. Contractors do not participate in the evaluation and rating process. The purpose for sharing the evaluations with the contractor is to provide feedback to the contractor on performance.

All evaluation results will be recorded by SHE to determine eligibility, and Active or Inactive status, of the contractor for future contracting.

II. General Instructions

A. Contractor Notification

Contractor should be made aware of the evaluation process prior to receiving the results of the evaluation. Contractors attending a bid tour will receive a copy of this document to explain the purpose of the evaluation, process, and rating system. Contractors requesting additional information about the evaluation process will be instructed to contact SHE directly.

B. Evaluation Timeline

Performance evaluations must be completed no later than 30 calendar days after the final walk-through, clearance of any punch list items, or submission of the contractor's final invoice, whichever occurs later. During the 30 calendar days, the evaluation is conducted, the results are sent to the contractor and the contractor is provided 14 calendar days to review the results and submit comments to SHE. There is some flexibility of this time line for unforeseen or unusual circumstances (e.g., a death in the family).

III. Evaluation Process

The staff member(s) conducting the evaluation must be familiar with the contract and the contractor's performance. Unless otherwise stated in writing, the jurisdiction's building official and SHE's Rehabilitation Construction Manager will perform the performance evaluation. These individuals are referred to as the "Evaluators" in performance evaluation related materials.

IV. Below Standard Ratings & Disputes

Performance evaluations may result in a Below Standard rating. If this occurs, the Evaluators will move the contractor from the Active Contractor List to the Inactive Contractor List with reasons noted and send the contractor a letter of explanation along with the copy of his or her evaluation results.

Regardless of the rating given, a contractor may disagree with the evaluation/rating. A contractor must dispute his or her evaluation by submitting comments to SHE within 14 days of receiving his or her

copy of the evaluation results. Upon receipt of a dispute, the Evaluators will review the contractor's comments and respond to the contractor by elaborating on the reasons for the rating given.

V. Evaluation Category Definitions and Factors

The seven categories listed below are used by SHE to assess each contractor's performance during the contract period. Each evaluation category is described and examples of possible factors provided. Factors listed below that are not applicable can be removed from the list and replaced with applicable factors developed by the Evaluators. While factors can be customized, the descriptions CANNOT.

Each contract is unique and the Evaluators should utilize contract specific factors to evaluate performance under each category. This necessary flexibility may be confusing to contractors and will require thoughtful explanation. If the contractor requires clarification or additional information about the categories or evaluation process, they may contact SHE directly.

- A. Quality: The contractor achieved desired outcomes with a minimum of avoidable errors and problems. Work met the requirements, expectations, or desired outcomes as set forth in the contract/scope of work. The work was accurate and complete. The work was done in an efficient and effective manner.

Factors:

- Overall compliance – the contractor complied with the terms and conditions (to include program and funding requirements) of the contract and showed an understanding of agency's standards and expectations.
- Conformity to specifications – the product or service conformed to the specifications identified in the original solicitation and contractual agreement. The product performed and/or the services were provided as expected.
- Reliability – the rate of product failure was within reasonable limits or repairs and rework was acceptable.
- Durability – reasonable period of time lapses before replacement is necessary.
- Support – available from the contractor in a reasonable period of time and met the need for assistance.
- Warranty – reasonable length and provisions of warranty protection offered and problems resolved in a timely fashion.
- State-of-the-art product/service – The contractor offered products and/or services consistent with industry standards. The contractor consistently refreshes product life by adding enhancements.

- B. Timeliness: The contractor performed work within the time frames identified or specified in the contract/scope of work and kept the project on schedule.

Factors:

- The contractor delivered product and/or services by date agreed to in the contract.
- The contractor met timelines for the submission of deliverables such as reports, plans, invoices, etc.
- The contractor responded/replied to requests for information or assistance in a reasonable period of time.
- The contractor's average delivery time was comparable to that of other contractors for similar products and/or services.

- C. Price/Budget: The contractor effectively managed costs and the value of the product and/or services received supported the costs. The contractor adhered to budget as specified in the contract/scope of work.

Factors:

- Contractor's invoices were accurate with appropriate backup documentation.
- Estimates did not vary from the final invoice.
- There were a low number of variances from the initial agreed to prices and the costs stated on received invoices.
- The contractor was sensitive to costs and demonstrated respect for funding and the agency's needs.

D. Business Relations/Customer Service: The degree to which the contractor was professional and respectful in its business approach and interactions with the agency.

Factors:

- The contractor was courteous, cooperative, and had a professional approach in all forms of communication.
- The contractor handled complaints efficiently and effectively.
- The contractor was knowledgeable about the project and/or had the expertise to provide assistance as requested.
- The contractor managed change effectively.
- The contractor attempted to resolve problems in a timely manner and followed up with a status report.
- The contractor provided technical support for maintenance, repair, and installation situations. Technical instructions, documentation, and general information was also provided.
- The contractor provided training on the effective use of its products or services.

E. Deliverables/Requirements: The degree to which the contractor was compliant in meeting the standards of contract requirements and deliverables.

Factors:

- All deliverables submitted were complete, accurate, and submitted within the required timeline using required forms or format, if applicable.
- Requirements were demonstrated and/or documented.

F. Safety: The degree to which the contractor mitigated and demonstrated freedom from risk of injury, danger, damage, or loss of life or property.

Factors:

- The contractor complied with all Federal, State, and local laws and regulations concerning the health and safety of workers, the general public, and personal property.
- Contractor's safety record for the project.

G. Dependability: The degree to which contractor demonstrated trustworthiness and reliability.

Factors:

- The contractor was fair, honest, and reasonable in interactions with the agency.
- The contractor demonstrated consistency in business operations.
- The contractor was sincere in efforts to deliver a quality product and/or services.
- The contractor followed through on agreements made with the program/agency.

VI. Contractor Performance Rating Definitions and Factors

The following three ratings make up the evaluation rating structure. These rating definitions and factors CANNOT be customized.

- A. **Below Standard**: Contractor performance has been less than standard or satisfactory. This rating encompasses contractors whose performance does not consistently meet expectations defined in the contract/scope of work.

Factors:

- Contractor performance does not consistently meet expectations defined in the contract.
- Close supervision of the contractor was required to progress the work.
- Work was unsatisfactory and consistently failed to meet expectations.
- Lack of cooperation.
- Most performance requirements were not met.
- Significant cost overruns.
- Many schedule slips with negative cost impact.
- Lack of user satisfaction.

- B. **Standard**: Contractor has met all specifications and requirements. This rating includes a range of expected performance as stated in the contract/scope of work to support the project.

Factors:

- Contractor exhibits competency in the assignments and consistently meets the desired expectations of the project.
- Contractor meets standards and objectives and all performance requirements.
- Contractor sometimes exceeds expectations.
- Contractor met overall price.
- Contractor met expectations.
- Deliveries were on time.
- Project schedule was not impacted.
- Adequate user satisfaction.

- C. **Above Standard**: Contractor performance exceeds standard or satisfactory. This rating represents consistent and exceptional performance or consistently superior achievement beyond regular assignments and expectations as stated in the contract/scope of work.

Factors:

- Meeting and exceeding performance requirements.
- Significant positive impact to the project.
- Reduced costs while meeting contract requirements.
- All deliveries on time with some arriving early.
- Significantly exceeded expectations.
- High user satisfaction.

Highly responsive and proactive.

VII. CONTRACTOR PERFORMANCE EVALUATION

| JOB PERFORMANCE EVALUATION | |
|--|-----------------------------------|
| PART 1 - GENERAL CONTRACT DATA | |
| 1. CONTRACTOR (Name and Address) | 2. LICENSE NUMBER |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> 3. DESCRIPTION AND LOCATION OF WORK b. Address of Job (Do NOT Include Names) c. Brief Summary of Scope of Work </div> <div style="width: 35%;"> a. File Number </div> </div> | |
| a. Amount of Original Contract \$ | b. Amount of Final Contract \$ |
| a. Date of Award b. Original Contract Completion Date c. Actual Contract Completion Date d. Date Work Accepted | |
| PART 2 - PERFORMANCE EVALUATION OF CONTRACTOR | |
| <div style="display: flex; justify-content: space-around; align-items: center;"> <input style="width: 40px; height: 20px;" type="checkbox"/> STANDARD <input style="width: 40px; height: 20px;" type="checkbox"/> ABOVE STANDARD </div> | |
| a. Organization (Name and Address) | b. Telephone Number |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> d. Title </div> <div style="width: 35%;"> </div> </div> | |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> f. Date </div> <div style="width: 35%;"> </div> </div> | |

| PART 3 - EVALUATION OF PERFORMANCE FACTORS | |
|--|--|
| <u>Ratings:</u> BS=BELOW STANDARD S=STANDARD AS = ABOVE STANDARD | |
| a. Quality: The contractor achieved desired outcomes with a minimum of avoidable errors and problems. Work met the requirements, expectations, or desired outcomes as set forth in the contract/scope of work. The work was accurate and complete. The work was done in an efficient and effective manner. FACTORS: RATINGS: | |
| Overall compliance – the contractor complied with the terms and conditions (to include program and funding requirements) of the contract and showed an understanding of agency's standards and expectations | |
| Conformity to specifications – the product or service conformed to the specifications identified in the original solicitation and contractual agreement. The product performed and/or the services were provided as expected | |
| Reliability – the rate of product failure was within reasonable limits or repairs and rework was acceptable | |
| Durability – reasonable period of time lapses before replacement is necessary | |
| Support – available from the contractor in a reasonable period of time and met the need for assistance | |
| Warranty – reasonable length and provisions of warranty protection offered and problems resolved in a timely fashion | |
| State-of-the-art product/service – The contractor offered products and/or services consistent with industry standards. The contractor consistently refreshed product life by adding enhancements | |
| Comments: | |
| b. Timeliness: The contractor performed work within the time frames identified or specified in the contract/scope of work and kept the project on schedule. FACTORS: RATINGS: | |
| The contractor delivered product and/or services by date agreed to in the contract | |
| The contractor met timelines for the submission of deliverables such as reports, plans, invoices, etc | |
| The contractor responded/replied to requests for information or assistance in a reasonable period of time | |
| The contractor's average delivery time was comparable to that of other contractors for similar products and/or services | |
| Comments: | |

| | |
|---|----------|
| c. Price/Budget: The contractor effectively managed costs and the value of the product and/or services received supported the costs. The contractor adhered to budget as specified in the contract/scope of work. | |
| FACTORS: | RATINGS: |
| Contractor's invoices were accurate with appropriate backup documentation | |
| Estimates did not vary from the final invoice | |
| There were a low number of variances from the initial agreed to prices and the costs stated on received invoices | |
| The contractor was sensitive to costs and demonstrated respect for funding and the agency's needs | |
| Comments: | |
| d. Business Relations/Customer Service: The degree to which the contractor was professional and respectful in its business approach and interactions with the agency. | |
| FACTORS: | RATINGS: |
| The contractor was courteous, cooperative, and had a professional approach in all forms of communication | |
| The contractor handled complaints efficiently and effectively | |
| The contractor was knowledgeable about the project and/or had the expertise to provide assistance as requested | |
| The contractor managed change effectively | |
| The contractor attempted to resolve problems in a timely manner and followed up with a status report | |
| The contractor provided technical support for maintenance, repair, and installation situations. Technical instructions, documentation, and general information was also provided | |
| The contractor provided training on the effective use of its products or services | |
| Comments: | |
| e. Deliverables/Requirements: The degree to which the contractor was compliant in meeting the standards of contract requirements and deliverables. | |
| FACTORS: | RATINGS: |
| All deliverables submitted were complete, accurate, and submitted within the required timeline using required forms or format, if applicable | |
| Requirements were demonstrated and/or documented | |
| Comments: | |

| | |
|--|----------|
| f. Safety: The degree to which the contractor mitigated and demonstrated freedom from risk of injury, danger, damage, or loss of life or property. | |
| FACTORS: | RATINGS: |
| The contractor complied with all Federal, State, and local laws and regulations concerning the health and safety of workers, the general public, and personal property | |
| Contractor's safety record for the project | |
| Comments: | |
| g. Dependability: The degree to which contractor demonstrated trustworthiness and reliability. | |
| FACTORS: | RATINGS: |
| The contractor was fair, honest, and reasonable in interactions with the agency | |
| The contractor demonstrated consistency in business operations | |
| The contractor was sincere in efforts to deliver a quality product and/or services | |
| The contractor followed through on agreements made with the program/agency | |
| Comments: | |

**City of Farmersville
Council Agenda Summary
June 22, 2015**

Item # 10

SUBJECT: Consider Resolution 2015-016 Directing Submission of the 2015 HOME Grant Application.

RECOMMENDATION: Adopt Resolution 2015-016 Directing Submission of the 2015 HOME Grant Application.

BACKGROUND: At a regular meeting of the City Council on June 08, 2015 staff was directed to engage Self Help Enterprises to prepare a 2015 HOME grant application on behalf of the City of Farmersville. It is requested that the City Council approve Resolution 15-xx authorizing the submittal of an application to the HOME Investment Partnerships Program (HOME) for \$500,000 to assist low-income individuals/households with Owner-Occupied Rehabilitation and First-Time Homebuyer Assistance (with or without Rehabilitation).

KEY POINTS:

- Owner-Occupied Rehabilitation Assistance includes financing to owner-occupants for rehabilitation of substandard properties.
- Assistance is limited to the HOME 221(d)(3) Per-Unit Subsidy Limits for Tulare County, adjusted by the number of bedrooms in the home (i.e., \$226,034 for 3 bedrooms) and is provided in the form of a deferred payment loan, secured by a Deed of Trust naming the City as beneficiary. Grants are available under certain circumstances, i.e., lead-based paint hazard evaluation and reduction activities.
- The cost of housing rehabilitation currently averages approximately \$45,000; therefore, it is anticipated the City will assist with the rehabilitation of approximately 5 homes.
- First-Time Homebuyer (with or without Rehabilitation) Assistance includes financing to first-time homebuyers for the purchase of newly constructed or resale homes. In the present housing market, it may be necessary for first-time homebuyers to perform health and safety repairs on homes prior to occupancy; therefore, rehabilitation assistance is also included to a maximum of \$10,000.
- Homebuyer assistance currently averages approximately \$50,000; therefore, it is anticipated the City will assist with the purchase of approximately 5 homes.
- Applicants must be income-eligible and residing, or planning to reside, within the City of Farmersville.
- The resolution authorizes the Interim City Manager/Police Chief or his designee to sign all documents related to the application.
- The expenditure deadline for the grant is 36 months.
- The grant application is due to HCD by July 15, 2015, with award announcements anticipated by December 31, 2015.

FISCAL IMPACT:

Self-Help Enterprises (SHE) charges \$3,000 to write the application which will come from the Community Development fund. If the HOME application is successful, administration and implementation activities are paid for by the grant.

RESOLUTION NO. 2015-016

A Resolution of the City Council of the City of Farmersville authorizing submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnerships Program; and if selected, the execution of a standard agreement, any amendments thereto, and of any related documents necessary to participate in the HOME Investment Partnerships Program.

WHEREAS:

- A. The California Department of Housing and Community Development (the "Department") is authorized to allocate HOME Investment Partnerships Program ("HOME") funds made available from the U.S. Department of Housing and Urban Development ("HUD"). HOME funds are to be used for the purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, part 92, and in Title 25 of the California Code of Regulations commencing with section 8200.
- B. On May 15, 2015, the Department issued a 2015 Notice of Funding Availability announcing the availability of funds under the HOME program (the "NOFA").
- C. In response to the 2015 NOFA, the City of Farmersville, a municipal corporation (the "Applicant"), wishes to apply to the Department for, and receive an allocation of, HOME funds.

IT IS NOW THEREFORE RESOLVED THAT:

- 1. In response to the 2015 NOFA, the City of Farmersville shall submit an application to the Department to participate in the HOME program and for an allocation of funds not to exceed Five Hundred Thousand Dollars (\$500,000) for the following activities and/or programs:
 - Owner-Occupied Rehabilitation and First-Time Homebuyer Assistance (with or without Rehabilitation) located within the City of Farmersville.
- 2. If the application for funding is approved, then the Applicant hereby agrees to use the HOME funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statutes and regulations cited above. The Applicant may also execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department or HUD for participation in the HOME Program (collectively, the required documents).
- 3. The applicant authorizes the Interim City Manager/Police Chief or his designee to execute, in the name of the Applicant, the application, the consultant agreement, and the required documents.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Farmersville held on June 22, 2015 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

By: _____
Gregorio Gomez, Mayor

ATTEST:

Patricia Button, City Clerk

**City of Farmersville
Council Agenda Summary
June 22, 2015**

Item # 11

SUBJECT: Consider Resolution 2015-018 a Resolution of the City Council of the City of Farmersville Promoting the Well Being of Local Residents in Regards to Immigration Services.

RECOMMENDATION: Consider Resolution 2015-018 a Resolution of the City Council of the City of Farmersville Promoting the Well Being of Local Residents in Regards to Immigration Services.

BACKGROUND: A request has been made that the Farmersville City Council consider adopting a resolution encouraging organizations to establish and include immigration services within the scope of services they provide within the City of Farmersville, and/or establish links with non-profits who provide these services. These services would be of benefit to a number of the residents of the City of Farmersville and its surrounding area. Staff requests that council consider the resolution as provided.

There is no fiscal impact related to this item.

RESOLUTION NO. 2015-018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERSVILLE
PROMOTING THE WELL BEING OF LOCAL RESIDENTS IN REGARDS TO
IMMIGRATION SERVICES

WHEREAS, the U.S. continues to wait for comprehensive immigration reform, there have been several actions taken to address our nation's ongoing struggle with the undocumented.

WHEREAS, several months ago President Obama, through executive action, announced an immigration reform initiative that would allow parents of either U.S. citizens or long-term permanent residents to apply for a work permit and three years of protection from deportation. The action also included an expansion of the program known as Deferred Action for Childhood Arrivals, or DACA.

WHEREAS, earlier this year, thousands of unaccompanied children crossing the border grabbed the nation's headlines, serving as an example for the larger immigration challenges facing our nation today. The office of Refugee Resettlement in the U.S. Department of Health and Human Services opened additional short-term shelters through-out the United States for children who enter the country without their parents.

WHEREAS, new legislation passed in California has allowed more than 350,000 non-US citizens to obtain identification in the form of driver licenses since January 1, 2015. The California Department of Motor Vehicles expects another estimated 1.4 million to apply.

WHEREAS, several cities around the San Joaquin Valley have been successful in hosting numerous immigration workshops on DACA, DL's, and Citizenship and, in addition, some city libraries have hosted events which have disbursed information to immigrants on the path to citizenship.

WHEREAS, in the absence of comprehensive immigration reform, local communities are left with addressing immigration's numerous humanitarian and social challenges. The City of Farmersville must continue to be proactive in assisting the community and its families with the above mentioned initiatives, as well as be prepared for further immigration reform initiatives.

WHEREAS, The City has developed vast partnerships with local non-profits, Farmersville Unified School District, Farmersville Community for Child Well-Being, Spanish Bethel Assembly, Boys' and Girls' Club of the Sequoias, Tulare County Health and Human Services Agency, and other local organizations that support and offer a range of educational, family, child and youth services including counseling, activities, that provide ESL classes, and food distribution.

WHEREAS, the City Council feels that it is important our residents remain informed about services and programs that allow them to be productive members of society,

IT IS RESOLVED THAT, the Council encourages organizations to establish and include immigration services within the scope of services they provide within the City of Farmersville, and/or establish links with non-profits who provide said services;

IT IS FURTHER RESOLVED, that the Council encourage local agencies to report back on the feasibility of establishing similar services; as well as what grant funding opportunities & public/private partnerships are available to fund such efforts;

IT IS FURTHER RESOLVED, that the Council encourages our school board to adopt a resolution that encourages the district to make available DACA and citizenship workshops and/or information to students and parents within its boundaries.

IT IS FURTHER RESOLVED, that a copy of this resolution be furnished to the executive directors of Farmersville Community for Child Well-Being, Spanish Bethel Assembly, Boys' and Girls' Club of the Sequoias, Tulare County Health and Human Services Agency, the Superintendent and School Board District President of Farmersville Unified School District, and to every member of the United States Congress.

Gregorio Gomez, Mayor

ATTEST:

Patricia F. Button, City Clerk

**City of Farmersville
Council Agenda Summary
June 22, 2015**

Item # 12

SUBJECT: Consider directing staff to extend an MOU with CSET to allow City residents to receive drought related water bill payment assistance through the Drought Water Assistance Program 2015/2016 as long as funds are available.

RECOMMENDATION: Authorize staff to extend an MOU with CSET to allow City residents to receive drought related water bill payment assistance through the Drought Water Assistance Program.

BACKGROUND: CSET staff has contact the City of Farmersville along with other water districts and water service providers in an effort to extend existing MOU's which would allow the providers to work along with CSET in the Drought Water Assistance Program grant. The additional funding would allow CSET to continue to provide payment assistance for water bills for those impacted by the drought. CSET has had many programs that have provided assistance with utility gas and electric bills however they have never previously had funding to provide assistance with water bills. This program has allowed them to assist approximately 500 families across Tulare County that meet program income guidelines and were behind on their water payments pending shutoff.

There is a minimal amount of work for City staff in the way of verification of account status and verifying receipt of payment from the program but nothing that has been a major burden on staff time.

Patricia Button

From: Nora Carrillo <nora.carrillo@cset.org>
Sent: Monday, May 18, 2015 1:28 PM
Subject: 2015 Drought Water Assistance Program

Greetings

CSET has received additional funding for the 2015 Drought Water Assistance Program (DWAP) for Tulare County residence. The funding allows for an extension in the program, permitting CSET to assist eligible Tulare County residence with their water utility bills. Last year CSET partnered up with 17 Water Utility Districts throughout Tulare County, assisting 237 households.

It is unfortunate, that many low-income households in our communities already face tough decisions on how to stretch limited resources. When adding a job loss, reduced work hours or a water rate increase due to California drought, this can mean these households have to select what bills will get paid at the end of the month. In collaboration among CSET and Water Utility Districts, the DWAP program will help assist drought impacted low-income households by preventing disruption in water services and at the same time providing water conservation education.

On **June 1st, 2015** CSET will begin accepting DWAP applications to assist those households in need. We ask for the continued and new participation of the Water Utility Districts of Tulare County. For participation addendums to existing MOUs will need to be completed for Water Utility District who collaborated last year, and MOUs will need to be completed for all those newly joining the DWAP program efforts.

Please reply to this email by 05/21/2015 EOB, if your district is interested in participating in the 2015 DWAP program and in addition submit the following information:

- Name and Title of the person who will sign the addendum or MOU.
- Water Utility Co. Information: address, phone, business hours and servicing areas.
- Water Utility Co. Staff Authorized to Process/Approve Pledges:

Name: _____ Title: _____

Contact Phone: _____

Email Address [if applicable]: _____

As soon as, a response is received addendums or MOUs will be sent for signature, along with additional program information.

CSET thanks you for your collaboration in servicing the drought impacted households of Tulare County.

Please feel free to contact me now if you have any questions. I can be reached by email or my direct line at 754-2203.

Thank you

--

Nora Carrillo

Energy and Housing, Assistant Director
Community Services Employment Training

<http://www.cset.org>

(559) 754-2203 Phone

(559) 627-1674 Fax

Team= Together Everyone Achieves More!